

INSIDE: The assassination of a Filipino hero


Maclean's

AUGUST 29, 1983

CANADA'S WEEKLY NEWSMAGAZINE

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CANADA'S WEEKLY NEWSMAGAZINE

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U.S. \$5.95 28 100% VOL. 36 NO. 31

COVER

Milroy's iron grip

As Conservative Leader Brian Mulroney was winding up his low-key campaign to win next week's by-election in the Nova Scotia riding of Central Nova, he approached the penultimate rung of the ladder to his ultimate goal: to be Prime Minister of Canada. Behind the public handshaking, he is developing his policies and his shadow cabinet.

—Page 10



COVER PHOTO BY ERIC RAYNE

Mitterrand draws a line

More than 1,000 French troops poured into Chad to stop the Libyan invaders, but France's president may have painted himself into a corner.

—Page 26



The Cayman connection

A Maclean's investigation of the Cayman Islands part of the Cadillac Fairview apartment sale found evidence that the deal was shady, but legitimate.

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The fury in Alicia's eye

With winds raging at up to 180 m.p.h., Hurricane Alicia battered southern Texas, leaving Houston a sea of broken glass and causing \$1 billion in damage.

—Page 27



The promise of youth

With its impressive extension of drama, the Stratford Festival's 14-member Young Company has established itself as a strong hope for classical theatre.

—Page 34

Time for action

The winds of war was well-dune [Come, Aug. 3] As a recent visitor to the region, I was particularly struck by your brief but pungent thumbnail sketches, notably of Honduras. Your editorial rightly aims at action, not words, and points out dramatically the urgency of independent Canadian action. Which horse has the Canadian government decided to back? When one goes beyond words and generalities to cold, hard cash, it is in terms of millions for Honduras and a fraction—often hedged in delays—for Nicaragua. Now we could act empirically to reduce the U.S.-sponsored influence of the Nicaraguan government and bring some balance to our own role in the region.

—JOHN W. FORTER,
Toronto

An alarming sense of déjà vu comes over me these days. The United States is once again, in Nicaragua, approaching the abyss. However, Vietnam is only part of the present, the remainder in Chile where, 30 years later, a nation of long-standing democratic traditions lies breathless under the weight of a U.S.-supported dictatorship. And once again the alarming absence of an independent Canadian voice is obvious.

—BRAD LUCAS
Grafton, Ont.

For the record

Regarding the Aug. 1 *Blossom* article: A costly fiasco into the *fin* summer, an impression is left with the reader that

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Brian Philp was still with Thorne Ridell in our Ottawa office at the time when William Teren's company, Urbanette, purchased as a tax shelter from CRI Investments Ltd. rights in Canadian-made time for \$1.8 million. But the record, Philp resigned from our firm effective June 1, 1977. The transaction referred to in your article took place in November, 1977, at which time he no longer had any association with us.

—G.A. GREEK
Thorne Ridell,
Ottawa

Pressing Mulroney on the issues

Regarding A concept and a clean issue (Canada, Aug. 1) as well as being a "prospective constant," I am a member of Ottawa Concerned About Nuclear Arms, a local group which has requested a meeting with Brian Mulroney to discuss disarmament issues such as cruise missile testing. I am aware that he is keeping a "discreet distance from major issues" but I disagree that we "have not pressed him to face them either."

—CHRISTY PROBERT,
New Glasgow, N.S.

Prevention is the cure

While acknowledging that the topic of abortion might be waning a little (in *Maclean's* readers), I consider it necessary to respond briefly to one point made by David Walberg of Thunder Bay, Ont., in his letter to the editor of Aug. 3. This gentleman, like many Canadians, assumes that pro-choice are pro-abortionists or anti-lifers. Such is not the case, and the distinction is important. Regardless, it seems to me that prevention is the real issue. *Maclean's* should do a cover story on the up-to-date battle fought by advocates of better sex education and birth control.

—ELAINE HALL,
Milton, Ont.

PASSAGES

4488: Ira Gershwin, 86, the lyricist who collaborated with his brother, George, on 30 stage shows and 30 movies, of heart disease, in Beverly Hills, Calif. Gershwin wrote the words to such classics as *I Got Rhythm* and *The Man I Love* and musicals including *Porgy and Bess* and *Lady Be Good*. He was the first Pulitzer Prize-winning lyricist when he was given the award for *Of Thee I Sing* in 1935. Gershwin lived in the shadow of his younger brother and George died of a brain tumor in 1937 at the age of 38. For three years after the death, Gershwin shut himself off from the world of music until playwright Moss Hart persuaded him to collaborate with composer Kurt Weill on the stage show *Lady in the Dark*.

4489/4490: Name Susan Nellie's lawsuit against Ontario's attorney general, Roy McMurtry, and his Crown attorneys for negligence and misleading prosecution. Nellie, 36, initiated the action after being discharged in a May, 1982, preliminary hearing on four counts of murdering babies at Toronto's Hospital for Sick Children. Ontario Supreme Court Justice John Fitzpatrick allowed an application by McMurtry's lawyer to dismiss the suit on the grounds that he and the Crown are immune from such civil lawsuits.

4491/4492: Former postal union chief Joseph Davidson, 69, who will return to his native Scotland in September after 30 years in Canada. Davidson's outspokenness and intrusiveness placed on behalf of the Canadian Union of Postal Workers angered the public and started controversy in the House of Commons.

4493: Jacob Schein, 81, father-in-law of Gov. Gen. Ed Schreyer and former CCF member of Parliament, following a heart attack and a series of strokes, in Winnipeg. Schein, founding president of the Manitoba Farmers Union, was 47 for Springfield in 1857 and 1958.

4494: Samuel Derouckter, 86, who in 1947 provided the ship President Warfield, renamed *Shoah*, to a Jewish resistance group to transport illegal immigrants from Europe to Palestine, of a stroke in Montvale, N.Y. Although the *Shoah*, made famous in the *Love, Urie* novel of the same name, was built to carry 150 people, 4500 refugees crowded aboard at Marseilles, France. The ship was stopped at sea by British destroyers en route to Haifa, where the refugees were rescued and taken to Germany. They emigrated to Palestine a year later, and the departure sparked the UN debate that led to the creation of the nation of Israel.



Genever Gin

The history of gin evolved through various stages. The first was Genever Gin, invented by a Dutch professor of medicine around 1660. It still enjoyed today for its robust taste, characterized by the pungent flavour of juniper (genewort) berries.

Lemon Gin

Like today's 17th Century British distillers started using sugar and Rosewater to hide the true taste of their rather raw products.

London Dry Gin

Thanks to Oliver Aeneas, this was a great improvement. In 1702 he encouraged London distillers to create a more refined product. They "double" distilled their spirits and botanicals, and created much the same gin we know today.

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Sgt. Major Malcolm David Pickles' Laboratory Recipe (1873)

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In B.C. politics, anything goes

I have just finished reading the article *The Deloitte affair* (World, July 11). Your reporter says, "For Rogan's team to score such an advantage may have been unethical, but it is hardly the stuff of a cause célèbre." What a sad comment on political standards today! It seems to be current campaign strategy that "anything goes." Any means is justified as long as the party wins in the end. Witness our recent election campaign in British Columbia, where the Social Credit party boldly denied that they were bringing in user fees and promptly opened hospital emergency fees from \$4 to \$10. There should be some accountability placed on our politicians after an election. The system, as it now stands, encourages this amorality as prevalent in federal and provincial campaigns. Personally, I am fed up with respect for the man of prerogative politicians currently in power in the B.C. legislatures. —FAMILIA KEST, Surrey, B.C.

Many of us have heard or read the words of Pastor Martin Niemöller, a dissenter and then a victim of National Socialist policies a half-century ago in Germany. If a Niemöller were to witness the logical conclusions of the British Columbia government's latest campaign

of legislation, he might have had this to say: "In British Columbia they first took away the rights of the public-sector employees, but I did not speak up because I was unemployed. Then they took away the rights of the senior citizens and the handicapped, but I did not speak up because I was not old or handicapped. Then they took away the rights of the tenants, but I did not speak up because I owned a house. Then they took away the rights of the doctors, but I did not speak up because I had never been sick. Then they took away the rights of teachers and school trustees, but I did not speak up because I was not an educator. Then they took away my rights, but by that time I had retired in Arizona."

—DAVID HATHORN, Victoria

Prominence for Lightstone

A profile of Marilyn Lightstone in the *People* section of the Aug. 8 issue of *Maclean's* stated that she will be featured in a pay television version of *Shirley Basa's* classic short story *Corset at Night*. In fact, this film is not associated in any way with pay television. Rather, it is being produced by Atlantis Films Ltd., an independent Canadian film and television production company. Atlantis is producing *Corset at Night* as a part of its anthology series of Canadian dramas. The series is planned for first

broadcast on the CBC in 1986. Obviously, Atlantis is delighted to have Lightstone involved in such a prominent role.

—MICHAEL MACMILLAN, President, Atlantis Films Ltd., Toronto

A good or a gaffe?

Regarding Peter C. Newman's July 25 column, *Pathway for wealth in the oil pool*, the term "greedy Newfie" was coined by Canadian soldiers doing garrison duty in Newfoundland during the Second World War. To many of us, it is in a class with *wop*, *kike* and *chink*, applied to other minorities. That as co-editor of *Maclean's* should be unaware of this and refer to Newfoundland Premier Brian Peckford as a "greedy Newfie" summarizes in a succinct way the root cause of the current problems between Newfoundland and Ottawa.

—ROBERT J. HOPKINS, St. John's

From Watergate to giberbligate

First there was the Watergate scandal, aptly named for the hotel where it took place, but then we had "Hägarbligate" (the dredging scandal in Hamilton, Ont.); the "Debategate" (the Carleton College briefing paper scandal); and now "Targetgate" (the blaring Brem-bat

breakaha). News writers who cannot such unimaginative giberbligate should be shown the gate before the whole mess becomes a "Gippage."

—WARRANTY HOBBS, Greenbank, Ont.

The Jaffe case frontier justice?

While reading your article on the Jaffe abduction case (*Monday's*) across the border, *Follow-up*, July 20, I could not help wondering what the American response would be if a group of bounty-hunting Canadians actually kidnapped the U.S. Army executive who were charged last year with defrauding our own government of millions of dollars. Don't doubt that legal reprisals would be swift and effective incidents such as the Jaffe case only serve to emphasize the United States' continuing uneasiness in dealing with Canada and its policies, if frightening, adherence to the very worst traditions of frontier justice.

—STEPHEN LAUTNER, Ottawa

On the return of Mr. K.

I must say I am amazed—but to say shocked—to learn of the return of Henry Kissinger to the U.S. political scene (The return of Kissinger, *World*, Aug. 1). As a Frenchman who has lived

in Canada for the past 20 years and followed very closely what happens in the United States, I know pretty well what Kissinger has done and achieved for his country. There is no need to read (but it is, nonetheless, instructive and pleasant—or rather unpleasant—reading) the book of Seymour Hersh (*The Price of Power*) to learn more about Kissinger. Obviously, a man who has participated—more indirectly—in the Vietnam and Iran of Watergate and who was so closely associated with Richard Nixon has no further role to play in politics. The so-called "Return of Mr. K." is a dagger to the White House and to the man who runs it. We know that politics is a dirty game, but I do not see any need adding to it.

—EUGENE ROSENBLUM, Wilkesville, Ont.

More talking fools, please

With reference to your article *Fallout from the Fido affair* (World, July 18), I should like to suggest that NATO's retiring chairman, Canadian Admiral Robert Gallo, justly deserves some praise for his recent comments discrediting NATO states that the West must build new air- and ground-launched missiles if it wants to deter a Soviet nuclear attack. Especially that view of the Trudeau government's decision to test

the U.S. cruise missile in our country. It is imperative that Canadians be made well aware of other possible reasons underlying the need for such a missile in the West. Indeed, if Fido is "not a fool for thinking it, only for saying it," then perhaps the world could benefit from a few more talking (albeit retiring) fools.

—LISBETH KANDENBORCH, Victoria

Up Garibaldi a class 2 scramble

Your article on mountain bikes (*Street Bikes*, *Recreation*, Aug. 3) has some serious errors. Peter Stone-Smith could not have ridden his bike "to the top of 6,000-foot Mount Garibaldi up a 10-km dirt trail" as the article claims. There is no "trail" to the top of Garibaldi. The easy route is a class 2 scramble over rock, ice and snow. And Mount Garibaldi is 8,787 feet high, not 6,000 feet. Also I believe that mountain bikes should be banned from parks in Canada as they already have been in some U.S. states.

—FRED LOCKER, Vancouver

Letters are edited and may be condensed. Writers should specify name, address and telephone number. Mail correspondence to: *Letters to the Editor*, *Maclean's*, magazine, Macfarlane House Bldg., 311 Bay St., Toronto, Ont. M5H 1A7.

Kiss and flame goodbye.

We know Winter has come and gone. But snow and ice-slip-snow temperatures are just about the last things on your mind right now. But summer temperatures don't last forever. And in a few months, your oil furnace will be doing what it does best. Burning oil. Lots and lots of oil.

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When it's a well spent minute? Now, back to summer.

Go Electric



A war on teenage crime



idling youths on downtown street notice family, neighbor for school work on a check

By Ian Austen

Violent crime in Detroit is so common that even readers accustomed to only a brief mention on the back pages of newspapers. But the gunshot killings on three consecutive days of two youths and an eight-year-old boy, each an innocent bystander, shocked even that numbed city. Because the June murders coincided with reports that the crime rate in Detroit (population 1.2 million) for the first six months of 1983 had risen by 11.2 per cent to 78,232 over the same period last year, Coleman Young, the city's 68-year-old black mayor, responded by ordering a crackdown on youths. Focusing them as a major source of crime, Young is a blase of local publicity, on June 24 ordered the city's police to begin enforcing a seven-year-old 10 p.m. curfew ordinance (11 p.m. on weekends) for people under the age of 18. Said Young: "If you mess up, we will nail you." Since the crackdown began, weeks of recent hot weather have passed with relatively few major incidents. But Young's critics continue to charge that the curfew is illegal and, with unemployment among blacks aged 16 to 24 conservatively estimated at about 78 per cent, does nothing about the causes of crime.

Major streets are now almost deserted after 10 p.m. The crowds of youths quickly disappear from the sidewalks

walks in front of steel mesh-fenced night-time parlors and corner stores. But there is little evidence of a curfew along the often quiet residential streets just a few blocks away. Noted 16-year-old Darrell Brown: "I stay off the main streets but I'm not always home." Like many teenagers, he complains that the curfew has done little more than curb such favorite activities as roller-skating and late baseball games.

The police admit that enforcement of the bylaw—which has been in the books since 1976 when city council legislated it to help police in their battle against menacing gangs of youths—is, at best, ineffective in its application. But heaviest restrictions have forced the police department to cut 1,740 officers during the past six years, and it is difficult for the force to provide even a basic level of service.

In the first quarter of the year alone, 1,402 of the 7,204 people arrested for violent crimes in Detroit were juveniles, and authorities feel that Young is justified in pointing to youths as a major source of crime. Said Sen. Hamilton-Smith, vice-president of the Detroit Urban League civil rights group: "The police are not seeing the structured youth

gangs anymore, but the kids who broke into your house for your TV." So far, police have arrested 296 youths for violating the ordinance. They take the offenders to the Youth Bureau, where workers impose a \$15 fine and call their parents to pick them up.

While many parents, black community leaders and the city's two daily newspapers support Young's action, the American Civil Liberties Union (ACLU) is challenging the curfew. The group has taken up the case of Durbin Smith, a 17-year-old black from suburban Oak Park whom police arrested outside a video arcade while he was celebrating his high school graduation with four friends—three of whom were 18. Said ACLU lawyer Edward Wise: "The bylaw teaches conduct that is just unreasonable to prohibit. What most appeals me about the whole business is that the politicians and the police themselves admit that if you applied the rule literally, it would be unreasonable." The ACLU filed a motion to have the curfew charge dismissed on the basis that it was unconstitutional, but on Aug. 14 District court Judge William Hickey denied the motion.

Kenneth Cochran, a criminal lawyer and former Detroit city council member, is one of the city's few prominent blacks who will speak out publicly against the curfew. "It is the lazy man's approach to law enforcement," he says. "I have a 17-year-old son who just graduated from high school and, as a parent, I think it is regrettable that he would be caught up in the criminal justice process just by being present at a certain place at a certain time. But that seems to be a minority viewpoint."

Like Hamilton-Smith, Cochran is worried about what lies ahead for the city's black youths. For much of the century, auto plants provided blacks, most of whom have few skills and little education, with a chance to escape from the degrading housing in the northwest side from middle-class neighborhoods. But for many youths now, that opportunity is gone. Many of their fathers are unemployed, and the future is bleak.

The largest employer in Detroit, Chrysler Corp., is now less than half its former size after the restructuring that saved it from collapse. Said Cochran: "I don't know if you can write off as an entire generation, but it appears that that is what has happened. Family, religion, schools, none of that works as well as it once did. The wonder is that it is not worse." □



Young: 'we will nail you'



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MULRONEY'S IRON GRIP

By Carol Coar

At 7 p.m. last Monday, Progressive Conservative Party leader Brian Mulroney pulled up to the Parkview Manor senior citizens' complex in Trenton, N.S., in a black, air-conditioned Oldsmobile which has chauffeured him through his six-week by-election campaign in the sprawling riding of Central Nova. Inside, in a spacious sitting room, only five residents had gathered to meet him. To break the silence, Mulroney made small talk about the weather with three women. Then he nervously pulled out a cigarette and began to smoke—which he rarely does in public, although he is a heavy smoker in private. And finally, with a burst of awkwardness which has characterized his first campaign for elected office, he left, after telling the women, "Don't make any dates for the 38th of August."

It was clearly not a high point in Mulroney's quest for a seat in Parliament, where he will lead the official Opposition and try to convince Canadians to make him their next prime minister. For the 44-year-old Mulroney, who has been a successful lawyer, president of the first Orix Co. of Canada and backroom politician for almost 30 years, the obscurity of small-town stumpings is clearly an uncomfortable and uncomfortable experience. It is certainly very different from the hot, heady night in Ottawa's Civic Centre when, after a grueling three-month campaign—and his second leadership attempt—he wrested the Tory crown from Joe Clark.

But Mulroney's anticipated Aug. 26 victory in Central Nova may seem like a take on equal significance. It will be the penultimate rung on the ladder to his ultimate goal: to be the prime minister of Canada. To that end, there is a frenetic second round of activity under way behind the scenes of Mulroney's low-key, down-home campaigning in Central Nova. He is also heavily assembling a transition team to take over power after the next federal election.

With the by-election less than a week away, Mulroney is on the brink of overcoming what was considered during both the 1975 and the 1982 leadership campaigns his greatest political li-



bility: the fact that he had never run for elected office. The process of redrafting that drawback began with the sudden resignation of veteran MP Elmer MacKay, a loyal Mulroney backer on June 15. That opened the safe Conservative Central Nova seat (it has been Tory for the past 38 years), and the Liberals were usually co-operative in milking a quick by-election. Then Mulroney, who has been lighting the image of a paracheute candidate, rented a log cabin in picturesque Pictou, by the shore of Northumberland Street. Ever since, he has been working the small towns with their clapboard houses and white-spout churches and mansestreets in sparsely populated fishing villages with the conviction of a man who has never taken anything for granted nor left much to chance. He has not had a break from the fever pace of politics since he declared that he would contest the leadership five months ago. But he is not asking for sympathy. "Nobody drafted me for this job," he declared.

Mulroney left his designer furniture at home in Montreal when he arrived in Central Nova, where campaigns are down to earth and make no concessions to ostentatiousness. In New Glasgow, the riding's largest town (population 11,800), Mulroney entered greasy spoons by the back door. Wearing a deliberately casual wardrobe of old sweaters, sported pants and moccasins, he held unscripted press conferences in roadside doughnut shops.

At home in his log cabin he spends time with his three children, Charles, 8, Lisa, 7, and Mark, 4, and munching hamburgers on the cabin porch. But when night falls in Pictou County, Brian Mulroney locks away his campaign charm and begins the real work of the day. His log cabin is transformed from a rustic retreat into a political nerve centre which will ultimately determine the new look of the federal Tories. Because Mulroney is 1,500 km from Ottawa, the task of building a team to carry the Tories into the next election has not been easy. Said Mulroney: "I handle it at nights and on Sundays. We make good use of the telephone and the telephone, but there will be much more coherent when we get back to Ottawa."

At the end of the month, when the high-energy candidate finishes his busy campaign, the upper echelons of the party will be almost unrecognizable from that of the seven-year Clark era. As well, he and his aides are preparing discussion papers on everything from the future of the Atlantic fisheries to a



Mulroney at his log cabin (left); on the telephone (top); MacKay (centre); and Clark campaigning (bottom) during the chase

program for industrial revitalization. Although Mulroney's critics have accused him of avoiding issues and fading out of the federal limelight at a time when the Liberals are mugging in the polls, Mulroney is meticulously following his own game plan. That includes remaining vague on policy. Mulroney promises his voters that he would not commit the party to any policy stands until he consults with his at a secret meeting just before the House resumes next month.

But already political analysts are wondering whether Mulroney's unwillingness to take definitive policy stands is a skillful short-term strategy or a mark of his all-things-to-all-people leadership style. During his years as a labor lawyer, Mulroney always prided himself on being a deft confidante. That skill may be less effective in the political arena, where compromise is often interpreted as weakness. It is still impossible to determine whether Mulroney is simply being clever by avoiding the issues or whether he really lacks a coherent vision. Said Carleton University political scientist Robert Jackson: "That is the question we are all trying to figure out." For now, the most pressing problem facing Mulroney is that of trying to include all the competing cliques and regions of the country in his new administration, and the even more delicate issue of how to choose 15 of his parliamentary colleagues for his shadow cabinet.

Every key decision that he makes will draw criticism, from those who accuse him of promoting his friends at the expense of the party, and grumbling from those who are passed over. In the process, Mulroney will have to try to heal the gaping wounds which have so often fatally weakened his party in the past. But he is utterly confident in his ability to be the first Tory leader in decades to assemble a united fighting team. "There is not going to be any squabbling," he said emphatically. "We have a government to defeat."

But negotiating will be a difficult tradition to break, especially when Mulroney begins forming a shadow cabinet. The team will be made up of the 30-year-old shadow cabinets of the Clark days—the last one had 35 members. "We had everything except a crisis for bookkeeping," said one former Clark aide. By contrast, Mulroney will have only one ally for each minister. But this, too, will be a difficult line to adhere to: it will not be possible to include all 22 men who suggested him through the leadership campaign. Although some incidents may be hurt, Mulroney recognizes that he cannot please only his followers. "It is a philos-

spky of mine to outline the best people, no matter where they supported," he said.

Three critics' jobs carry the most prestige and after the most high-profile parliamentary exposure. External affairs is one. Toronto's *Star* editor Steven Wans is but he is unlikely to get. France is a second desirable post, and Mulroney will probably award it either to John Crosbie, finance minister in the Clark government and a formidable outsider during the leadership race, or to Michael Wilson, the candidate who jumped to Mulroney after the first ballot at the Ottawa convention. The job of House leader has already been assigned to Rick Nielsen, the Yukon veteran who was appointed interim leader when Joe Clark resigned during the Winnipeg convention last January. Former Clark ministers David Crombie of Toronto, Clara MacDonald of Kingston, John Roper Penner of Wain, William Ivin of Stratford, Ont., Dino Manno of Verdun, A.A. James McGrath of St. John's and Basil LaSalle, the only Tory MP from Quebec, are all expected to become members of Mulroney's shadow cabinet. "It would be crazy not to include these guys," said one senior Tory strategist. "Mulroney needs proven performers on the floor of the House from now until the election."

But these veterans will fill only one-third of the available vacancies. It is the remaining two-thirds that will give Mulroney the most trouble. He will undoubtedly try to reward some of the MPs who broke with Clark to support him. But a large number of these are clearly identified as right wingers—such MPs as Robert Coates of New Scotia, Otto Jelinek of Oakville, Ont., Leonard Ginstman of Saskatoon and John Thomson of Alberta. Mulroney can clearly afford to include a few of them in his shadow cabinet, perhaps in minor portfolios such as veterans' affairs. But he risks appearing to be in the grip of the party's right-wing radicals if he promotes too many of them to the top spots. "I would be surprised if there is any great leaning toward the BR men who supported him," said Manitoba MP Jack Morin, one of Mulroney's earliest backers and the co-ordinator of his

support group. "We did it because we felt he was a winner." Still, the smell of victory may indeed be the strongest incentive for Tory backbenchers to stay in line. Said former MP Jean Pigeot, a key organizer in Crosbie's leadership bid: "Canadian members all recognize that within a year they are going to be fighting an election, so they are going to keep their mouths

thing possible to make Mulroney's takeover smooth, friendly and dignified. And that's the end, when we're in Central Nova, he attracted one of the most enthusiastic crowds of the campaign. Clark was mobbed by autograph seekers when he appeared at an open house at Tory headquarters in New Glasgow, N.S. Mulroney stood with a far smaller group of admirers. It was not an easy duty for Clark to fulfill. As well, on the same day that Clark appeared with Mulroney, moving vans in Ottawa shifted the Clark household goods from Starnes way to the Ottawa leader's residence, in a \$200,000 house a few blocks away in Ottawa's fashionable New Edinburgh district. Now, Clark will spend the rest of the summer in his Alberta riding of Yellowhead, contemplating his future and leaving out of the spotlight.

Friends say that he may be interested in the role of external affairs minister or the Tories form the next government, or he might be content with the senior role of former prime minister. Crosbie, after a short, unfortunate burst of post-convention bitterness, has also said that he intends to be a team player. But that, too, may be wishful thinking. Said one political observer: "John will try to help Brian but, given his well-known impatience and intellectual candor, that might not last that long." In the meantime, Crosbie is spending the summer at his cottage in Niagara's Red Hill, relaxing, fishing and visiting his constituents. He will also sell his impressive four-story home in St. John's and move to a three-bedroom apartment in Ottawa's Glebe District, a comfortable older residential area.

For the exhausted Conservative party, it has been a summer of rest and healing. With Mulroney immersed in campaigning, Clark just back from a month in Britain and most MPs away at cottages or at home, tempers have cooled and anger has begun to mend. "Mulroney has had some good luck," said Pigeot. "In July and August we sit on our decks, go fishing and drink beer. We do not get passionate about issues or policies. That is a relief."

But neither luck nor the summer weather completely accounts for the Conservatives' 56-per-cent Gallup poll rating—a 35-per-cent high (the Liberals have 27 per cent), the New Democratic 16

per cent). None of the party's popularity can be explained by the traditional honeymoon period which the country gives a new political leader. That honeymoon was not in the first few weeks after Mulroney assumed the leadership. It was also the most exhausting period since he devoted for the leadership on March 21. Even for a telephone addict, Mulroney was burning up the wires to solicit supporters and concede losses across the country, all part of maintaining the network of loyalists and contacts he has been building since his early political days as a Tory debater at St. Francis Xavier University. He also carefully cultivated his TV appearances to give Canadians an image of a man in charge, in sharp contrast to the uncertainty at times even disgruntled, impression that Clark presented after winning the leadership in 1976—and which he failed to shake even after taking power from the Liberals in 1979.

But Mulroney has also worked hard to earn the voters' approval. "The just makes people feel good and he feels good making people feel good," said McGrath, who had hoped to see Clark regain the leadership. "I don't think we can go wrong from here on in." Taking a more clinical view of Mulroney's first two months as leader, political scientist Jackson said: "He has been absolutely brilliant, up to now. He has not answered a single question and probably he is going to fudge his way through this Parliament, then coast into the next election on his charm. And why the hell shouldn't he?"

Mulroney's supporters bristle at accusations that their leader is all charm and no substance. For one thing, said MP Morin, Mulroney promised the caucus that he would not take any private business without first consulting the party. That was a sharp contrast to Clark, who often left the party by looking it into ill-advantaged policy matters, as with his unenthusiastic pledge to move Canada's Israeli Embassy to Jerusalem. Mulroney also has to please his own people in the parlours of central in the PC party organization before he begins to initiate policy positions. The only high-profile holdover from the Clark era will be the former leader's chief of staff, Philip MacDonald, a white-haired Tory veteran who has already accepted a job as head of the town and province of New Brunswick premier Frank McKenna for six years, in a longtime friend of the Mulroneys—a wife

Mulroney plans to replace Peter Bladder, Clark's young provincial secretary, with two chiefs of staff—one minister and one westerner. Fred Donat, 44, will take the senior of the two posts. He is a Nova Scotia and younger brother of the province's former education minister. Donat, who runs his own energy company, driving for oil off of St. John's, is former director of development at St. Francis Xavier, Mulroney's alma mater. His friends know Donat as a workaholic and a longtime backroom Tory. His deputy will be Lee Richardson, 35, director of Alberta Premier Peter Lougheed's Calgary office. Richardson, who worked as

Mulroney's only "political" friend, Jackson will transform national headquarters from an autonomous body into a kind of clearing house for the opposition leader. She will reduce the headquarters' budget, and will eliminate the communications department. "It will be nothing more than a glorified mail room," commented one disgruntled Tory organizer.

One of the most important positions on the Mulroney team is that of national campaign chairman, the party's top strategist for the coming election. In an adroit but risky move, Mulroney will give that job to a Transcona, N.M.B. Atkin, a veteran of Ontario's renowned Bill Richardson. Atkin's appointment will provide an essential link between the federal party and the powerful Ontario organization, whose support Mulroney will need in the election. But it will not be a popular appointment with the Alberta wing of the party. Many of Mulroney's close friends and associates fear that the Ontario machine will take control of the party. Said one top official from the Clark administration: "They [the Ontario group] came in as a package, a self-contained unit which others have a hard time cracking. Their first loyalty is to Bill [Ontario Premier] Wilson Bladder, and if you hand control over to them you have to assume your interests and David Little's interests are the same. That is not always the case with a federal leader, and I think Mulroney understands that."

Mulroney is already considering ways to counterbalance the Ontario influence. One technique with which he has been tested in the appointment of a strong second-in-command to Atkin, a national secretary who could work with the Ontario group without being co-opted by it. John Lauchlan, a 40-year-old organization man, is one candidate under consideration. Mulroney will also try to ensure that the campaign committee working under Atkin is made up of strong individuals from other parts of the country as well. Mulroney's first comment before the campaign committee: "I have done a lot of thinking about it. It has a big-ticket item."

Mulroney's inner circle will be filled out with veterans of his successful leadership team. His best friend, Michael Cooper, will be his chief of staff. His brother and Quebec adviser, and York University business professor Charles



Mulroney campaigning: unaccustomed experience



Hinkley: the apparition will be unrecognizable

Ottawa, from 1952 to 1974 as executive assistant to former prime minister John Diefenbaker, has a reputation as a good gatekeeper—the kind of aide who knows how to make sure his boss sees only those people whom he wishes to see.

Not only the staff but the very role of party headquarters will change under Mulroney. The shakeup will begin with the appointment of John Jackson, a University of Manitoba consultant, as national director. Jackson, 37, who was married to former Newfoundland premier Frank Moores for six years, is a longtime friend of the Mulroneys—a wife

McMillan, twin brother of Prince Edward Island MP Thomas McMillan, will be his senior policy adviser. That will represent a continuation and expansion of the role McMillan played in the leadership campaign. MacKay, who has been at Mulroney's elbow throughout the entire Central Nova campaign, will also be a senior adviser. And Patrick Macdonald, a friend of Mulroney's since university days, will remain at his side to keep the leader abreast of the needs of the caucus.

The nucleus of Mulroney's inner circle has led some critics to assume the new leader of looking after his friends at the expense of the party.

"There is all-potential for senior Tory ready a lot of cronies in the Mulroney entourage. The greatest single danger he faces is his tendency to put too much emphasis on personal loyalty," Mulroney sniffs at such charges. "I never let down a friend and I will do anything I can to be a friend, that is what life is all about," he said. "But I don't allow that dimension of my personality to obscure the reality that I am dealing with a complex situation, and there is no room for factional politics. I am putting together an effective fighting group." It was a matter of professional responsibility when Mulroney flew to British Columbia two weeks ago, taking two days off from his own campaign to sweep for Tory candidate Gerry St. Germain, who is contending the Mission-Fort Moody by-election, also on Aug. 29. Mulroney believes that the two by-elections have already put heading faces to work within the party. On both sides of the country, Tories are forgetting which leadership candidate they favored before June 11, and are working together to win at the ballot box.

In large part, Mulroney's staff is likely to be an interesting mix from all the major factions within the party from east and west, from his leadership campaign and those of his competitors, and from the old Clark team and the Ontario machine. One key missing element, however, is Quebec, where the party is still struggling to gain a foothold in federal politics and to work as a group. "The Quebec Conservative party



Steyns (above) and Macdonald (below) how difficult he selects them, there are some in the granddaddy

is a very small faculty," said National Vice-President Jean Blouin. It is also a family with a history of bitter internal rivalries, which Mulroney hopes to transcend by virtue of his own late Conservative. Said Mulroney: "Where do you think the leader is from? If the people of

Canada don't know that already, they will find out awfully fast."

The next month will present Mulroney with a number of tough tasks. When the by-election is over he will have to fill the remaining gaps in his staff, attend his shadow cabinet, meet with caucus over the Sept. 9 weekend at the Orleans Hills resort of Mont St. Marie and—facing a stunning report in Central Nova—face Parliament for the first time on Sept. 22. Mulroney admits that it is inconvenient putting together the team that will carry him into the next election from a cable with one telephone. But it has to be done. The 42,647 voters of Central Nova held the key to Mulroney's admission to Parliament.

Meanwhile, party headquarters in Ottawa is in a state of suspended animation. The only evidence of the disapprover in the lobby where Joe Clark's picture used to hang. The national director and the communications director have quietly been told that their services are no longer required, but the remainder of the 30-member staff, as well as about 30 former Clark staffers, are taking long-delayed holidays, organizing the files for the new regime, playing golf and waiting. "You can tell who is on the inn and who is on the outs in the Conservative party by their suitcases," jokes deeply tanned Peter Hawker. When the time for tanning is over, when the by-election results have been tabulated, Canadians will begin to take the first true measure of Martin Brian Mulroney. With Lesley Mulroney in Central Nova.



Macdonald

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Thoroughly old-fashioned Mila

By Mary Jarigan

The family squabble was a typical war of wills. Mark Mulrooney, 47, and frustrated, announced that he could not manage to fold his clothes. Mila Mulrooney, 38, and wife in the ways of childhood tradition, told him to try again. "The next thing I knew, he was on his bed, working on his clothes," she said last week. "There are two things I don't allow my children to say—I've bored and we can't—because if you try you can't. And you at least have to make the effort." That at least convention is central to the character of Mila Mulrooney—and it also helps to explain how her husband, Brian, won the leadership of the federal Conservative party last June. She encouraged him to enter the race last spring—"I literally said to him, 'There's no doubt in my mind that you're going to win this because you're the right man at the right time.' Then she stuck by his side—through 2½ months of grueling campaigning—with unfailing optimism and gleeful good humor.

Indeed, Mila Mulrooney appears to be the perfect political mate—supportive and strong, and determined to stand by her man. As well, unlike many contemporary political wives, she generally enjoys her role as wife of and mother for the leader of Her Majesty's Legal Opposition. When she enters a room of voters, they vie for her attention and approval. She officially starts her new role next week when Mulrooney claims the Central Nova leadership and takes formal control of his caucus. But even before Mila's on-the-job training begins, it is clear that she is destined to become one of the party's most formidable weapons in the next election. The Conservatives are well aware of their good fortune. Recently, there are comparisons between Mulrooney and Margaret Thatcher, wife of the former Tory leader Sir John. The comparisons, while sympathetic to Mulrooney, only fly over Mulrooney's head. She was 26 when Clark won the leadership in 1978, and the challenges of competing law school and motherhood were still in the future. Fiercely ambitious and ferociously protective of her husband, Mulrooney rattled Tories with her insistence on keeping her own name and pursuing an independent career. Mulrooney was also quick-tempered and slow to forgive. She played the but not perfect mother, and it was apparent that she could not handle the inevitable bawling back



Mulrooney: I get a few raised eyebrows when I say that Brian is first

By contrast, Mulrooney, who celebrated her 36th birthday on July 13, already has three children and for seven years she has successfully carried off the responsibilities of a minor executive wife (Mulrooney was president of Iron Ore Co of Canada) Now, when she wants to consult with the party in order to define her role in it. "I think Mila's going to break new ground, and she comes strictly well prepared because she has certain learning cycles behind her," said former Tory MP and Clark adviser Alan Fugitt, an Ottawa housewife. "She has her act together as a wife and as a mother. She's going to be very supportive to a lot of

women. She just has to do her role well, and that will help a lot."

As her husband proudly points out, the Tories' first lady is an immigrant, the daughter of ambitious and resilient Serbo-Croatians. She was born in Sarajevo, Yugoslavia. Her father, Dr. Dimitri Povernik, was a medical intern, but because he refused to join the Communist Party he was not allowed to practice. Her mother, Radmila (nicknamed Boba), was a nurse in the local hospital. In 1967 Dr. Povernik spotted an ad in a German newspaper for psychiatrists at the Allan Memorial Institute at the Royal Victoria Hospital in Montreal. He offered official permission to study in

Canada. But he was forced to leave behind his family, four-year-old Mila and Boba, who was pregnant with their second child, John. One year later Boba's father managed to obtain passports and tickets for the family on a Montreal-bound steamer ship. The trip took more than a month—and Mila spent much of it desperately anxious. The Poverniks' first home in Montreal was a furnished apartment in the shabby McGill student area. A year later Mila's father used some of his savings to send her to a new private school. In 1964 the family, which included now addition John, who is now 24, moved to a larger, unfurnished apartment and bought a car. Three years later Dr. Povernik, then a hospital staff psychiatrist, bought a house in Westville. Mila stayed two elementary school grades, tackled ballet and piano lessons and breezed through Westmount High School. In 1969 she enrolled in a bachelor of arts program at St. George's Williams University (now Concordia), but after a few months she realized that, despite her efforts, she could only manage a B average. As a result, she was advised to switch to the civil engineering program and "really loved it—I had visions of becoming an architect someday."

At roughly the same time, Mila discovered the Conservative party—and her special Conservative. In the late spring of 1972, after reading about Michael Meagher's quixotic attempt to defeat Liberal warlord C. M. Driess in Montreal's well-to-do, largely Anglophone Westmount riding, Mila volunteered for his campaign. She married Meagher and convinced the riding—over the protests of her Liberal father (they have none because Toronto). She was a determined campaigner. "I am not a camp follower and I wanted to see a change," she said. Two months later, just after her 19th birthday, Mulrooney spotted her in a now-obscured magazine at the peak of the Mount Royal Tennis Club. At first, she was perplexed by the older man's attention (he was then 33). But he persisted—and they were married on May 4, 1973. "I always teased Brian, 'I just a damn good worker because of you,'" Mulrooney now says. Daughter Caroline was born in June, 1974, followed by Ben in 1976 and Mark, the clothes folder, in 1979.

Throughout the first 24 years of their marriage Mila continued to study engineering. But in January, 1976, three courses short of her degree, seven months pregnant with her second child and on month before Mulrooney lost his bid for the Tory leadership, she quit school. "Children are worth all the degrees that you can get," she says. "I would much rather watch my children grow up for now, enjoy our life and politics. I never do anything that I don't want to do and I really do not like to make commitments unless I know I can keep them. So while I'll eventually do something, I really do not know what it is now."

Mila's devotion to her husband and Meagher has not been difficult. Still, the fact that she has chosen that life and clearly likes it sets her apart from many women of her age. "I'm very old-fashioned about marriage and I get a



Ben, Caroline and Mark's companions

few raised eyebrows when I say that Brian is first," she said. "But we are a partnership. I've always decided that, whatever I wanted to do, I would give 100 per cent. And this is an experience I would not have wanted to miss." She says that she does not try to advise Brian on politics or people—but she does listen and raise questions. "He uses me as a sounding board," she added. When his speeches were too long, she watched the clocks and told him to shorten them. And she does not get angry when people criticize him. "I think that [kind of freedom] is what my parents came to Canada for."

Her friends are effusive when they

discuss her warmth and loyalty. Montreal teacher Catherine Campese recalls the time when two armed guards had to be posted outside the Mulrooney home because Brian had received death threats after serving on the Orléans inquiry into organized crime in Quebec. "She was pregnant, and the weather was so warm. But she got those for the guards and made them coffee and always tried to make sure they were comfortable," Campese said. Still another longtime friend, Justin Johnson, the party's new national director, "Mila does not get angry—ridiculous—she has no need to grieve, no hang-ups—she comes from a very loving and close family background." Mila has season tickets for the symphony and she goes regularly with women friends, Justin Johnson, the party's new national director, and Canadian actresses. "She's a real bargain find," said Johnson. "She goes to a little shop in Montreal—a little hole in the wall—where she gets designer clothes at low prices." She swims, plays tennis and farms herself to dance-lessons. She also likes pasta, salads and soups, and Mulrooney assistant Michael Mulrooney says that she can whip up a tasty festive affair in minutes. She reads best sellers (most recently *A Private View* by Irene Meyer Selwick) and sports memoirs ("I loved the movie in Philadelphia").

For now, her schedule is hectic. In preparation for moving to Ottawa she has managed to enroll her children in a French-language school where Lyonee Candel, and she is hoping that the principal will also be able to find room for Mark. Turbot from are \$1,800 for the eldest child and \$1,500 for the second. The family is moving out of its Westmount home in early September and into the Cotnam's Speer's summer home at Kingston—the former residence of Liberal Prime Minister Mackenzie King—and the Oppenheim family's official residence in Ottawa's upscale Rockcliffe, is renovated. Mila hopes that the family will have moved into Stornoway by mid-October. "I would like to do a fair amount of entertaining," she added. "It'd like to make every Conservative feel at home here in Ottawa." The Tories are convinced that with attitude the world also be a fine chameleon for Prime Minister's residence at 24 Sussex Drive.

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The revolt of the true Grigs

By Carol Goss

In his controversial 45-year reign, Pierre Trudeau has carved his place in political public relations within his party's ranks. Federal Liberals have always rallied around their leader in difficult times and suffered in silence. Then, last week, while an obstinate Prime Minister Trudeau succeeded in the Mediterranean with his three sons, the doghouse, which had been holding back a tide of internal complaints that has grown since the 1980 election, finally broke open. "It has been horrendous for the past six months," admitted self-proclaimed back-bencher Uralia Appollon. "We have reached a state of frustration such as I have never seen before. We just want to get through to the Prime Minister." Indeed, many of the criticisms openly voiced for Trudeau's resignation, and at least as many more quietly—but politically—acknowledged that he had become the government's most serious liability. "Only a miracle can save Trudeau now," said Sidney van Donge. "The people want him to retire."

The opening took place amid signs from the Prime Minister's Office that Trudeau will be leaving soon of his own accord. Indeed, last last week, senior 1980 official said that Trudeau will probably resign before Christmas. The complaints also came at a time when the Conservatives, long plagued by party disunity, are managing to serve as a team for the first time since they last held the 1980 election (page 16). The reasons for the dissatisfaction within the Liberal party are not difficult to identify. The most obvious is the government's dismal 37-per-cent popularity rating in the latest Gallup poll. "People want a change not only of policies, but of personalities," said Mr. Dennis Dawson, chairman of the pivotal Quebec caucus that political frustration explains only part of the dissatisfaction of the government's dismal 37-per-cent popularity rating in the latest Gallup poll. "People want a change not only of policies, but of personalities," said Mr. Dennis Dawson, chairman of the pivotal Quebec caucus that political frustration explains only part of the dissatisfaction of the government's dismal 37-per-cent popularity rating in the latest Gallup poll. "People want a change not only of policies, but of personalities," said Mr. Dennis Dawson, chairman of the pivotal Quebec caucus that political frustration explains only part of the dissatisfaction of the government's dismal 37-per-cent popularity rating in the latest Gallup poll.



Trudeau; Dawson (below left) and Compagnon; too insulated for too long from the rank and file



net shuffle was an even greater threat. Many of them felt that they had little to lose in criticizing the Prime Minister. Still, it took several days of digging by Canadian Press reporter Edna Stewart, who pulled 15 Liberal MPs out of the caucus in their riding, to reveal their discontent. Said Frick, "I told him they were concerned about unemploy-

ment and when the Prime Minister was going to retire it looks like I'm leading a dissident group of MPs, but I have never talked to any of the others." Still, Frick stood by his statement that Trudeau should resign.

Some of those who joined the chorus were such well-known Trudeau critics as Allister MacBain of Niagara Falls, Ont., and former cabinet minister John Reid of Kananaskis, Ont. But what was significant about last week's comments was that most of the dissidents were not chosen representatives. Nonetheless, Dan's David Macdonald, for one, has been known as an uncompromising workhorse. And Dawson has always emphasized only as private.

The full force of the revolt against Trudeau is probably still to be seen. Although they will not launch a public campaign against Trudeau, many Liberal MPs admit that they are letting their fighting spirit out. One of these is Appollon, a quiet crusader on social issues since his election nine years ago. "I have tried putting out warning signals to the Prime Minister, but have been too insulated from us for too long," she told *Weekend Appollon* says to Trudeau last September crying out, "I have tried putting out warning signals to the Prime Minister, but have been too insulated from us for too long." She is still waiting for an answer. She has had just one face-to-face interview with Trudeau in her entire parliamentary career.

Still, Trudeau has a string of unsavable defenders. Party President Louis Compagnon insists that Trudeau deserves the gratitude of his Liberal colleagues for bearing the brunt of public dissatisfaction with the government. "If he had been a lesser man, he could have allowed it to spread to the par-

ty," she said last week. The Prime Minister is unlikely to hear about the latest trouble in his ranks before next week, when he unveils his holiday with a working visit to Greece. Until then, and a spokesman in his office, there is nothing to be gained from informing him of a minor mutiny back home. *by*



Bourassa contemplating his decision: the weekly, then daily phone calls finally paid off

Bourassa thinks again

Ever since he resigned as leader of the Quebec Liberal party after his 1976 humiliation at the hands of the Parti Québécois, Robert Bourassa has had one overriding ambition: to get back into power. Last week, after several years of self-imposed political exile, Bourassa, 68, officially announced that he will seek to succeed Claude Ryan and become Liberal leader once again. At a packed press conference in Montreal, Bourassa filled himself as a more seasoned politician than when, as a 36-year-old economist, he became Quebec's youngest premier in 1970. Once criticized for emphasizing issues at the expense of substantive politics, Bourassa now seems to have an edge over his declared rivals with his vision on experience. In particular, he promises to restore the province to the economic good health that it enjoyed in the early 1970s.

"With my experience and with time spent studying and teaching, I knew I could be an asset for the Liberal party again as due time." Bourassa has a solid base of support in the party. Although he left Quebec to study economics and politics, first in Europe and later in southern California and in Washington, he continued to keep in touch with his political allies at home. The weekly, then daily, telephone

calls have finally paid off. He already has the support of 20 of the 46 Liberal members in the national assembly. And private party polls taken early this summer showed that Bourassa would have readily supported among Liberal youth, Liberals at large and the general electorate even if he were to run up against two other strong Liberals—Raymond Gennaro, his former finance minister, and federal Energy Minister Jean Chrétien.

In fact, so far Bourassa does not seem likely to face any strong competition at the October convention in Quebec City.

Gennaro, who was the first choice of many Liberal supporters, is expected to publicly support him, and Ottawa could find no other standard-bearer to block the return of the provincially nationalistic Bourassa. Even the two declared candidates, Bruce McPherson and Pierre Paradis and Daniel Johnson, both from Quebec-Bourassa, have made little impact.

The biggest surprise of the campaign has been the inability of Johnson to

capitalize on his inherited high profile. Son of the late Quebec premier Daniel Johnson and brother of Pierre-Marc, the 19 minister of social affairs and a contender to succeed René Lévesque, Johnson, 38, is a University of London and Harvard-trained lawyer. A former vice-president of the giant Power Corp., Johnson became *Business Week* editor after being elected in 1985. But he was rarely made headlines in what should have been a crucial position. Johnson does have Ryan's backing, as well as that of the federal Liberal power brokers. But in Quebec federal support can actually be a liability, and Ryan has lost much of his influence.

Paradis, a 33-year-old lawyer, is less well-known. He gained some prominence last spring as the justice member of the national assembly committee studying alleged interference by Lévesque in a \$300-million lawsuit over damages caused by unionized workers to the James Bay hydroelectric site during a labor dispute. He has both political experience, as a former Union Nationale legislator, and business experience with a successful law practice and publishing company in the Eastern Townships. But he is running an ad-style campaign, complete with cheerleaders and carefully orchestrated media events, which many Quebec Liberals think only underlines his relative youth and lack of political experience.

If Bourassa wins, it is still unclear what leadership style he would pursue should he gain a third term as the premier's office. His previous tenure was beset by numerous crises. His handling of the October Crisis, his decision to sue and prosecute the *Alouette* of conflict of interest and patronage regularly rocked his cabinet. And he is still remembered by federal Liberals as the premier who prevented the patriation of the Constitution at the Victoria conference in 1971, because he wanted more powers for Quebec. Bourassa himself now admits that he erred by isolating himself. His private office retreat in Quebec City, nicknamed "the bunker," was inaccessible to all but his few closest advisers. His emphasis on style—which included having a hard-dresser on his personal staff—tended to obscure his merits. Now he promises "to keep contact with the people and to avoid being a television campaign in favor of personal meetings with delegates like new federal Tory Leader Brian Mulroney. Bourassa is quietly shifting clocks to his byzantine.



Johnson: little impact

—ANNE BOURASSA
in Montreal

A spy agency faces its critics



Fren (left) with Firth: defining what constitutes threats to the security of Canada

By John Hay

The new Canadian security chief, Jean Fren, is an engaging Irish affluant with the smooth quickness of a polished lawyer-bureaucrat. But even Fren could not settle the troubling questions raised again last week about the power and purpose of the federal government's proposed new security intelligence service. Indeed, as Fren and Solicitor General Robert Kaplan resumed testimony at a special Senate committee, chaired by former cabinet secretary Michael Firth, it became clear that opposition to the government's bill setting up the service has not abated since the legislation was introduced last May. This week, Ontario Attorney General Roy McMurtry will lead a series of witnesses denouncing the new agency as a threat to Canadian civil liberties.

Two key issues lie at the heart of the controversy. The first centres on how the mandate of the service can be defined to exclude legitimate political dissent from its targets as well as protect personal privacy. The second focuses on how to give a minister sufficient power to control the agency without allowing him to use it as an instrument for possible political dirty tricks. As the man who will run the new service if it is established, Fren tried, not entirely successfully, to supply some answers and more some doubts.

ment in Canada," Saskatchewan Liberal Senator Sidney Ruskowald, for one, asked whether a province's unilateral declaration of independence would amount to a threat. Replied Fren: "In my mind [it] would be." On the other hand, separation by constitutional means, although such means do not exist in Canada, would fall outside the service's mandate, he added. Ruskowald admitted the difficulty of drawing the line between the two forms of separation.

Ruskowald and other senators also expressed alarm at the exceptional understanding that the bill grants to the director of the new service. Fren, who was an excellent adviser on security for five years and now heads a transitional intelligence group, will be the agency's first director if the bill is passed. The legislation expressly bars the minister general (the minister in charge) from overruling the director in choosing what individuals or groups will be targets for investigation or what information will be passed on to government departments. The minister would be able to issue only general policy directives. Fren said that the provision is intended to prevent "misuse or abuse of the system" by ministers for political purposes. But Ruskowald was concerned that as a result there are not enough restrictions on a director who might want to launch an unfounded whitewash against virtually any imagined enemy. Fren countered that the cabinet could ultimately fire a director who exceeded the bounds of his proper role.

The bill also grants powers to the proposed agency that are not currently provided for the RCMP Security Service. Including the authority to open mail and examine income tax and other government-held files on individuals. But Fren and Kaplan stressed that the bill introduces controls to prevent the sort of abuses—including thefts and bare hearings—conducted by the Mounties

Mounties on Parliament Hill: drawing a distinction between two forms of separatism



and disclosed by the McDonald royal commission two years ago. For the first time, security agents would have to obtain a warrant from a Federal Court judge to install a wiretap or listening device or to examine confidential government files. At the same time, the bill calls for the creation of the post of assistant general counsel, an independent three-member review panel to oversee operations of the service and report regularly to Parliament. And while the service would be assigned to hunt down spies, terrorists and subversives, it would not try to prevent these activities directly, nor would it prosecute offenders. Those tasks would be left to the police.

Despite the safeguards, the bill continues to provoke intense criticism even before debate in the Commons has begun. The provincial attorneys general have already issued a joint statement describing the agency as "an assault on democracy." BC Attorney General Brian Smith opposes removal of the security agency from the RCMP, and Ontario's McMurtry says that the bill "could result in members of church agencies, political organizations and special interest groups buying their telephone tapped, their mail opened and their names leaked into the press in what most Canadians would regard as legitimate activities."

The provincial authorities have been especially critical of two unusual provisions in Kaplan's bill. The first would permit Security Service agents to obtain a judge's warrant without meeting the same stringent requirements that ordinary police must meet when seeking a judge for one. Armed with a warrant (issued in secret), the agent would then have broad powers of search and seizure. The second provision gives the federal attorney general power to veto any criminal prosecution that he decides involves national security. As a result, a provincial attorney general, now really responsible for criminal cases, could sue, among other things, prosecute the killer of a foreign diplomat or a Security Service agent without federal consent.

Kaplan, for his part, told the Senate committee last week that most of the provincial concerns are either based on misunderstandings of the bill or can be resolved with minor drafting changes to tighten the bill's wording. Said Kaplan: "We agreed about what the authority of service members should be." But with many now opposed to the bill, the government may find it difficult to win with Commons passage. Said Senate Opposition Leader Jacques Fournier: "I don't think this bill will pass."

And even if the bill passes, the government may eventually shove the legislation in the face of a woe-willing opposition.

The war against drunken drivers

For the past 10 years British Columbia has had some of the toughest laws in the country to combat excessive drinking and driving. With its mandatory roadblocks and its high number of alcohol-related accidents, the province has accepted mandatory 24-hour roadside licence suspensions as a necessary deterrent. But with little improvement in the yearly number of highway tragedies—last year more than 350 people were killed in alcohol-related accidents—British Columbia is about to get even tougher.



A breathalyzer test: escalating campaign

This week the government will introduce a law making blood samples mandatory when suspected drunks show up to be arrested. So far, the law is unenforced or has been hit by accidents. Designed to put an end to the current loophole that permits drivers to avoid testing by feigning injury, the new measure has already been criticized by civil libertarians who fear that police may abuse their expanded powers. But with Saskatchewan bringing similar legislation into effect Sept. 1, and Manitoba and Ontario about to follow, the war against the drinking driver seems to be escalating.

The strong new measures are the result of mounting pressure across North America to put an end to the yearly carnage. In Canada alone, 4,000 people die on the road each year with 40 per cent of

drivers killed having blood alcohol levels above the legal limit. The rise of organized pressure groups—made up mostly of relatives of victims of drunk drivers—has been the main catalyst for the legislation. Prominent among the numerous new activist organizations in Canada is a group called MADD (Mothers Against Drunk Driving), which has 1,000 members in British Columbia alone. Founded last year by Sally Graham, a New Westminster mother whose son was killed by a drunk driver two years ago, MADD is a

Canadian offshoot of a California group which has been highly successful in making that state a leader in anti-drunk driving legislation. Now most U.S. states have strict new regulations designed to deter drivers who have been drinking from taking the wheel. In the state of Washington, for instance, police can demand blood samples from any driver who has received a police warning for one.

It is still unclear, however, whether the punitive legislation is actually causing people to hesitate before they drink excessively and drive. In Ontario, where a 24-hour licence suspension was introduced 20 months ago, the number of deaths on the road has dropped significantly. But in British Columbia, where a second impaired driving conviction can bring a minimum 14-day jail sentence, the number of alcohol-related accidents has generally increased in the past 10 years. Also, Denise, a senior research scientist with the Traffic Injury Research Foundation, a nonprofit organization funded by federal and provincial governments, concludes: "Despite

changes in the laws, the frequency of alcohol-involved accidents has remained, essentially unchanged for years. So it seems to be determined that driving drunk by the threat of someone sticking a needle in his arm."

Because an intoxicated driver cannot clearly foresee the consequences of attempting to drive a vehicle, Denise has little hope for change. What is required, she says, is much greater social disapproval of drunk drivers who take chances with their own lives and those of others. Nonetheless, in Saskatchewan, Highway Minister James Garner is prepared to settle for even a modest achievement from the new blood sample law, the main part of which says that drunk drivers who take chances that would otherwise have been lost, then it'll be happy.

—MALCOLM GREY in Vancouver

The revolt of the midnettes

For 40 years the Quebec wing of the International Ladies Garment Workers Union (ILGWU) has quietly operated in the three square blocks at the north end of Montreal's Park Avenue which is the core of Canada's garment industry. Long considered one of the most passive and uncontentious unions in Quebec, it rarely sought to improve the wages and working conditions of some of the lowest-paid workers in the province.

All that changed last week when the union went out on strike for the first time since 1940. And when 8,000 clothing makers, seamstresses, most of them immigrant women, set up their pickets, they were determined to stay all the job until they obtained a substantially better contract. Indeed, last Saturday, six days into the strike, a noisy meeting of angry workers in the city's east end voted overwhelmingly by a show of hands to reject a tentative contract agreement in defiance of their union leadership's recommendation. Fifty-two-year-old Laurette Vallancourt, who has worked in the industry since she was 14, was blunt about her reasons for striking. "The working conditions are disgusting," she said. "The haven't changed since the war."

At stake in the strike are the vital issues of wages, work hours and the survival of Canada's beleaguered garment industry. The Montreal Branch and Spectator's Manufacturers' Guild, representing 170 clothing manufacturers, wanted the workers to accept a 15-per-cent cut in wages while increasing weekly work hours from 35 to 40 hours. The union responded by demanding a 40-hour week increase for all workers. Although the manufacturers revised their position, making instead for a wage freeze until July, 1984, the offer came too late to avert a strike.

Public opinion quickly sided with the striking women, called "midnettes" after the masses who worked for Parisian haute couture houses in the 1930s. Five Montreal city councillors, members of the left-wing municipal

party, the Montreal Citizens Movement, issued a demonstration of "working conditions" — as unconvincingly bad that it makes one wonder if it is really that bad. They cited cases of workers who faint from overwork and heat, who are denied paid sick leave and who suffer from chronic work-related illnesses. Industry officials had no comment to make on the allegations.

For their part, the strikers were only



Garment workers picketing: fears of layoffs and a union in labor power

too ready to outline their grievances publicly. They complained of high machine noise levels on the factory floor, of not being allowed to speak to one another while working and of being refused permission to use the washrooms except during lunch breaks. Existing union contracts have weak seniority clauses and grievance procedures. There is also constant pressure to fill quotas, the women say. Vallancourt says that many of the employees work under a system called "open wages" whereby pay levels are decided at the end of the week after sales and production are taken into account.

The manufacturers, on the other

hand, said that wage freezes and increased work hours were the only way to save the country's \$4-billion clothing industry in the face of brutal foreign competition. But industry figures show that after a 15-per-cent drop in sales during the 1982 recession, the garment industry sales were up by 20 per cent in the first eight months of this year. As well, Canadian manufacturers, while complaining about cheap imports, have increased their own share of the import market by 50 per cent in the past year and new handle as much as 50 per cent of all garment imports.

Still, Irwin Stulzberg, president of the Institut des manufacturiers de vêtements du Québec, says that the industry will have to invest \$50 million a year for the next five years to modernize businesses and keep them competitive. The union's aggressive new style, even in the face of local demands, was a direct result of a change in the leadership. In 1980 a Quebec government commission studying organized crime investigated the union for allegedly manipulating practices among practices. Even though no charges were ever laid, the parent union in the United States stepped in to suppress the Canadian operations. At the union representatives handed in their resignations, most took early retirement, and last year the first democratically elected union leaders took over. Prior to that, new union leaders were named by the leadership. The Quebec wing of the ILGWU now has a close working relationship with the Quebec Federation of Labor.

Nonetheless, even the new leadership proved not to be militant enough for the angry workers. With fears of a clothing shortage looming before then, the government and the union's bargaining committee had agreed on a wage freeze until March, followed by salary increases ranging from nine to 35 per cent on current wage scales. But that fell short of the hopes of the workers. With the average wage at \$7 an hour, Montreal's midnettes, having finally made the decision to strike, were determined not to go back to work until they got more of what they want.

—ANNE DESROSE in Montreal

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Chad's President Hissène Habré; French troops near N'Djaména (below); the French may have painted themselves into a corner

WORLD

Mitterrand draws a line

By Marc McDermott

The thundering roar of French military transport aircraft streaking their final approach to N'Djaména airport contrasted around the clock. Nearly 3,000 red-bellied French marine paratroopers, wielding some of the most sophisticated weaponry in France's arsenal, took up key positions in the beleaguered African nation of Chad, and helicopter gunships and troop carriers encircled the country. In an abrupt policy shift last week, President François Mitterrand threw France's military might into the Chad conflict in a display of determination designed to blot out the best flatterer image that resulted from six weeks of hesitations over what role to play in the attempt to put down a Libyan-backed rebellion. The intervention, labelled *Opération Sing-Sing* by the army, was the largest foreign military operation by the French army since the end of the Algerian war in 1962.

In preparation for landing a dozen Jaguar fighter-bombers and Mirage jets from neighboring African bases, French troops raged the airport with so jet-oriented *Croix de la Légion*, one of the West's most advanced, ground-to-air missile systems. And any pretence that the French mission was to instruct the 2,500-own Chadian army was

dropped. The troops were swiftly fortified to four key front-line strong points along the 15th parallel, from Sola to the key eastern gateway of Abéché, effectively cutting Chad in half. They took up a heavily armed defensive "red line" which stopped, temporarily at least, the advance of forces assisted by Libya.



strongman Col. Moumouni Khadafi.

The challenge was clear. If the Libyan republics and the rebels advanced from the barren northern oasis of Faya-Largeau, where the Libyans and the forces of ousted Chadian president Goukouni Oueddei were digging in, Khadafi would have to go to war with France. But the show of force was also aimed at reassuring France's shaky credibility among its African allies. Indeed, as a series of discreet French diplomatic shuttles to Libya created a lull in the conflict in Chad, charges and counter-charges were exchanged between the French and the Americans.

The transatlantic dispute became public when the anonymous daily *Le Monde* described Mitterrand as vituperated at continued American pressure for him to intervene in Chad. The newspaper said Mitterrand felt that the U.S. had pushed its position to "the limit of what is supportable." He snuffed had been by letters from Ronald Reagan, *Le Monde* said, that he refused to answer, since, and had merely acknowledged others. The newspaper added that Mitterrand dismissed the U.S. argument that France should co-ordinate military pressure on Libya with U.S. exercises in the region and that he had learned about the arrival of U.S. ANAC surveillance aircraft in the Sudan by reading about it in the newspapers.

But his comments were intended to do more than appease Khadafi and Camerunians and Socialists in the French government who oppose the intervention. They were a warning to Washington that Mitterrand does not intend to get embroiled in Reagan's feud with the Libyan dictator. For their part, the Americans forcefully denied the accusations. An anonymous senior Washington official declared that the *Le Monde* report was "total disinformation," adding that Mitterrand was using the United States as a scapegoat for his own domestic problems.

At the same time, Mitterrand was effectively painted into a corner. As the left-wing daily *Libération* noted in an editorial, France is faced by contradictions on three fronts: militarily with Chad, diplomatically with Libya and politically with the United States. Indeed, the French red line in Chad is a tightrope upon which Mitterrand is attempting an uneasy balancing act. Not only is he making an armed face-off with Khadafi, but a poll published in Paris last week indicated that 53 per cent of the French people disapprove of military intervention in Chad.

In an effort to win a diplomatic settlement, Mitterrand sent a series of emissaries to Tripoli and other African capitals last week. But by week's end, the diplomatic effort seemed to be stalled. During a two-day visit to Tunisia, Khadafi, surrounded by a phalanx of his all-Devile brigade guards, flatly told French officials that they should withdraw from Chad. He also threatened of his own planes, tanks or troops had intervened. Still, by denying that his forces are in Chad, Khadafi may not have to lose face if he withdraws them. But most observers believed that the denial was another sign of how difficult it will be to negotiate a peaceful settlement in Chad.

Some Western diplomats have suggested that in exchange for a troop withdrawal, Libya should be given legal control over the international Aouzou Strip along its southern border with Chad, which it has effectively occupied since the Second World War. But the Organisation of African Unity, which met in an impromptu summit in the Congo last week, firmly opposed any revision of Chad's boundaries, arguing that it would serve as a dangerous precedent for a continent where the territorial integrity of old colonial borders has been held to be unchallengeable.

As Khadafi himself put it, there does not seem to be any short-term solution to the standoff in Chad. If the French military operation began as a lever to force negotiations, it now threatens to turn into a long and unrelenting drain on France's already overstressed economic resources. ☐



High tides buffet the Gulf coast; Galveston streets (below) in uncommon fury

THE UNITED STATES

The fury in Alicia's eye

Gulf-coast Texans knew that Alicia was on a search-and-destroy mission. But when the first hurricane to strike the U.S. mainland since 1980 slammed into Houston last week it exploded an unspoken fury. On Thursday morning the eye of the storm passed over the city, and 130-m.p.h. winds screamed through the commercial district. Mitterrand windows in office buildings exploded, leaving some streets ankle-deep in tons of broken glass. At least 10 people were killed, and an estimated \$2,000 lost their homes. In

nearly Galveston, police and the National Guard imposed an overnight curfew after looting broke out.

By Friday, Alicia's rage began to spend itself over the soggy inland plains, and officials estimated that property damage may exceed \$1 billion, making it the costliest storm in U.S. history. Federal officials quickly moved to allocate emergency funds for the storm-ravaged region. But even with massive aid, it will be a long time before Houston residents forget Alicia's reign of terror.





Kinross, Hattersley (right), threats of a new round of bitter dissent, and a formidable task of reconciliation to perform

BRITAIN

Labour leans toward a Welsh miner's son

As he walked away unharmed from an exploding mine in which his car was wrecked last month, Neil Kinross contemplated his safe deliverance. "Somebody up there likes me," the 41-year-old Welshman remarked. Indeed, his miracle escape seemed to be the final sign that nothing can stop Kinross in his campaign for the leadership of Britain's confused and ailing Labour Party. In the stormy aftermath of Labour's stunning defeat in the June 9 general elections, Kinross emerged as a front runner along before the leaders were chosen. Although he does not have as much parliamentary experience as his fellow contenders, Roy Hattersley and Peter Shore, both former cabinet ministers, only another unforeseen disaster will stop the penniless left-winger from succeeding the retiring Michael Foot as the Oct. 2 party co-leader.

All four candidates for the leadership post—including 61-year-old Eric Heffer, running against 100-to-1 odds—are campaigning vigorously, but Kinross appears to have 60 per cent of the votes locked up. The son of a Tyneside miner, Kinross, if he wins, will have to act swiftly to unify a party that has been torn by internecine ideological struggles for the past three years. To accomplish that he would, ideally, pick a dispassionate leader who would complement and offset his own political position. But that position, too, will be decided by a party vote. Kinross is truly on the left

of the party, although recently he has indicated that he may be prepared to accept the moderate position, which favors continued membership in the European Community (EEC) and active membership in NATO. Members of the Labour establishment want Kinross's deputy to be selected from the party's right wing and they consider Hatters-

The victor of the leadership race will have to act swiftly to unify a party severely wounded by internecine struggles

ley, the 50-year-old former minister of state for foreign and Commonwealth affairs, as the second half of a dream ticket. But the emergence of leftist Michael Menzies, 44, as a candidate for the party's role threatens to derail the establishment's campaign.

At the heart of the right-left debate—which often resembles the eternal dispute of Canada's New Democratic Party—is the apocalyptic issue of principles vs. votes. The left favors preserving socialist party even when it is unpopular. The right contends that winning elections is the first priority. That battle, in which the left has usually triumphed, eventually convinced senior Labourites Shirley Williams,

Roy Jenkins, David Owen and William Rodgers to revolt in early 1981 and found the Social Democratic Party (SDP), which soon allied itself with the Liberals and now poses a serious threat to Labour from the right.

The strength of that threat became clear on June 9 when the SDP/Liberal Alliance won 25 per cent of the vote, a key factor in Labour's collapse to 300 seats from 266, which included a near shutout in the affluent areas of southern England. Labour fought the election on a left-wing platform, which included unilateral disarmament and withdrawal from the EC, and repudied the worldwide. Unless Labour can now accommodate itself to the modernization of Britain over the past 30 years and stake out a new base of support instead of continuing to rely on a disappearing underground working class—itself no longer the monolithic voting block of the post-war years—the party may never again form a government.

Still, Kinross is one of the most attractive politicians to emerge in Britain in the past decade and he may prove to be the party's savior. He combines an impeccable working-class pedigree with soaring energy and self-deprecating wit. Kinross emerged from University College, Cardiff, in the mid-1960s with an undergraduate degree in history and industrial relations—but gained considerable political experience as chairman of the Socialist Society and president of the student union. His heart was

set on politics when he won a seat in Westminster in 1970. His Celtic oratory made him a popular speaker, and he would accept invitations from groups in even the strongest Conservative ridings. "This poor bagger deserves something," he repeatedly exploited. The experience he gained in those years is now a distinct advantage. But less advantageous are his quick temper and even quicker tongue. In university he lost his first try for student union president after telling the university principal's wife to "—off" when she made a racist remark. And during the last election he missed an appeal by changing that Prime Minister Margaret Thatcher "gloried in the slaughter" of the Falklands War. Betrayed one of Kinross's critics. "He approaches every problem with an open mouth."

But recently he has displayed an open mind, as well. Kinross now believes that Britain should withdraw from the EC only if compensation on vital issues proves impossible. And he is increasingly less determined to promote unilateral disarmament. He is also keenly aware that the old class struggle analysis, so which the Labour Party was built, is no longer legitimate. "We have given the impression that we are simply not attached to the reified class system since the 1960s, in things like home ownership and taxation," Kinross says. "We must convince the British people that we are in favor of success."

Kinross is generally well liked by party stalwarts but he is not without enemies. When he opposed the expediency of left-wing guru Tony Benn for deputy leadership in 1981, members of the militant factions berated him with stinging cries of "Judas." But Kinross maintains that, like legendary Welsh labor leader Aneurin Bevan, the founder of the National Health Service, he is "a man material" in securing Labour victories thus winning national arguments.

Still, one of his first tasks as leader will be to heal a party that continues to wound itself. Most party members seem prepared to endorse Kinross's first ballot, but the slow rise between Menzies and Hattersley threatens to set off a whole new outbreak of dissent. If Menzies wins, several front-bench members, including the influential Dennis Healey, have indicated that they will not serve in Kinross's shadow cabinet. And Labour can scarcely afford to lose any more ground. Indeed, Labour moderates are nothing at issue from Thatcher, who has strongly taken to calling Kinross "my candidate" because she is convinced that she can defeat any left-led party. Even with the strongest of leaders, Labour will still face a perilous future.

—CAROL ROSSIGNOL in London.

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U.S. advisers train Nicaraguan troops; de la Madrid (below), policy differences

CENTRAL AMERICA

Little help from a friend

In President Ronald Reagan's view of Central America, no country has greater importance than Mexico. The administration maintains that the ultimate target of Communist insurgency in Central America is its neighbor north of the Rio Grande. As a result, White House officials last week drove to prevent Reagan's April 14 meeting with Mexican President Miguel de la Madrid at the Baja California resort of La Paz as an event of unbroken unity. They insisted that both countries had expanded basic agreement on Reagan's hard-line policies toward leftist rebels in Central America and the Sandinista government of Nicaragua. But the Mexicans diagnosed said the Mexican diplomat after the call: "We said the same things we have always said. We expressed our strict support for non-interference and the need for a peaceful outcome to the dispute [insurgency in Central America]."

The main disagreement between Washington and Mexico City is over Nicaragua. The White House believes that the nation has become a Cuban proxy determined to convert all of Central America to Soviet Communism. At the La Paz talks U.S. Secretary of State George Shultz firmly laid the blame for the current mood of military confrontation as the fact of the leftists. "The problem in Central America," Shultz told de la Madrid, "is not a case of force. It is the use of force by Nicaragua and Cuba." For their part, the Mexicans insist that the Sandinista movement is an immature, antisocialist regime fol-

lowing a course similar to that of Mexico after its own revolution in 1910. "The world, stable Mexico of today," de la Madrid told Reagan, "was born of a history of bitter struggles for national independence." But de la Madrid's favorable comparisons of his own democracy's origins with those of Nicaragua presents Washington with difficult questions in its campaign to isolate Nicaragua.

Mexican officials acknowledge that de la Madrid is disturbed by U.S. intelligence reports of a military buildup by Nicaragua. But they contend that it will eventually if the United States ever to open an argument regarding to Nicaraguan-based anti-Sandinista guerrillas. And they doubt U.S. accusations that the Sandinistas are distributing their



Cuba- and Soviet-supplied arms to leftist guerrillas in El Salvador. Said one senior Mexican diplomat, who requested anonymity, last week "The greatest source of arms supply [to the Sandinistas] is the Salvadoran armed forces—through sales on the black market."

Washington and Mexico City also disagree on the issue of free elections in Nicaragua. The Mexicans contend that Nicaragua's failure to hold a democratic election is a result of Sandinista at-

tachism and interference and the authoritarian traditions of Central America. Indeed, de la Madrid told Reagan that "imperialism" in Mexico's own one-party democracy do not prevent his country from remaining "unquestionably a pluralistic nation."

Still, observers have noted a definite shift in Mexican policy since de la Madrid took office nine months ago. Mexico City no longer rejects Washington's criticism of Nicaragua out of hand, as it did under former president José López Portillo. Instead, the government has begun to share some of Washington's concerns. Said a presidential aide last week: "It is important that there be enough fair play in the Nicaraguan political system for all the various forces to be represented."

The Americans have meanwhile tried to capitalize on that avenue in order to persuade Mexico to cut back on economic aid to Nicaragua. In fact, many members of the de la Madrid regime, such as Central Bank Director General Miguel Alemán, have also said that Mexico should abandon its foreign aid program and concentrate on its own staggering economic troubles. Indeed, in the past three years Nicaragua is said to have run up a bill of \$180 million for Mexican petroleum imports, much of which remains unpaid. At a time when Mexico is groaning under the load of an \$80-billion foreign debt, some officials feel de la Madrid can ill afford such lapses with the Nicaraguans. But de la Madrid seems more concerned in maintaining at least the image of independence from the White House. In fact, some Mexican state enterprises have provided capital goods to Nicaragua on extremely generous terms.

De la Madrid, a politely reserved Mexican diplomat, heavy equipment manufacturer, recently sold a fleet of bulldozers to Nicaragua on terms that one U.S. employee called "a complete giveaway."

Both Washington and Mexico City will almost certainly maintain their divergent approaches to Central American issues. Less than 24 hours after leaving Mexico, Reagan continued Mexico City's policy to a "neighborhood watch where neighbors keep an eye on each other's homes so outside bullies and troublemakers will think twice." But the Mexicans clearly have no intention of abandoning the role of an internationalist black planet.

—WILLIAM CRICK
in La Paz

THE UNITED STATES

Why Washington harbored a Nazi

By virtually any historic standard, Barbe was a mere admission by a government of wrongdoing by one of its agencies. The U.S. justice department last week issued a damning report on U.S. intelligence agents' four-year involvement with Klaus Barbie, the former Gestapo chief for the French city of Lyon. The investigation, begun after Barbie's extradition from Bolivia last February to stand trial in France, confessed that U.S. agents had indeed maintained a relatively close relationship with the wanted war criminal. In a 218-page report, written by special investigator Allan Ryan, the justice department accused the U.S. Army Counter Intelligence Corps of shielding Barbie from French investigators and of expediting his escape from Europe to South America. "A direct result of that action," Ryan concluded, "was that Barbie spent 32 years as a free man. We have delayed justice for Lyon."

Acting on Ryan's recommendation, the United States conveyed its "deep regrets" in a formal note to the French Embassy in Washington. In Paris

French government spokesman Max Guilla praised the candor of the justice department's report. The CIA recruited Barbe as a paid informer in 1947. Barbe quickly proved himself almost indispensable in the personnel atmosphere of the Cold War. He recruited agents, many of them ex-Nazis, to report on collaboration between French and Soviet intelligence. The network also frustrated other nations' attempts to penetrate U.S. spy operations, and it provided a flow of tips from hundreds of

The U.S. government's admission of guilt in hiring a wanted war criminal was an unusual, if unavoidable, event

Barbe's old Gestapo colleagues.

In 1980 a French war crimes investigation identified the little-known Barbe as the "Butcher of Lyon"—a brutal torturer who sent thousands of Jews to their deaths. U.S. intelligence officials feared that Barbe simply knew too much about its operations to hand him over—even to an ally. Not only that, but CIA officials were convinced, the Justice report revealed, "that the French Secret

had probably been penetrated by Communist elements" who might use Barbe's links with the army to embarrass the United States. Then, at least a dozen top army intelligence officers initiated an elaborate coverup, falsely reporting that they had lost track of Barbe. Meanwhile, Barbe continued to collect his U.S. salary in a safe house in Augsburg, near Munich. In March 1961, the CIA orchestrated an escape to Bolivia for Barbe, his wife and two children as a shadowy underground railway known as the "Rafale."

The frankness of the justice department disclosures may limit the Barbe affair's damage to U.S.-French relations. And, as the longtime Nazi hunter Simon Wiesenthal told Madison's last week, Barbe was not the only Nazi war criminal aided by Allied intelligence agencies. At the same time that the Americans were recruiting Barbe, the Soviets were hunting for German agents on rocketry and the Middle East. Said Wiesenthal: "This was a situation that no one can apologize for, especially if it meant employing a criminal. But the only government that has said 'Yes, we made a mistake' is the United States." U.S. officials clearly believe that a late admission of guilt is better than none at all.

—LENNY GLENN in New York

Nkomo returns for round 2

Citizens of the troubled republic of Zimbabwe branded themselves last week for the long-expected return of Opposition Leader Joshua Nkomo and the latest round of his bitter struggle with Prime Minister Robert Mugabe. The party Nkomo returned from two months of exile in Britain to defeat an attempt by Mugabe's ruling Zimbabwe African National Union party to expel him from parliament. Nkomo led the country last March during a crackdown on dissidents in his home province of Matabeleland. The man widely known as the Father of Zimbabwe was greeted at the airport by 100 women supporters, but his first week home afforded several portents of disaster.

Nkomo's arrival was low-key, but his return to the House of Assembly to debate a new bill sparked an uproarious debate. As Nkomo sat glowering from the Opposition benches, Mugabe, his former lieutenant and, tainted him with accusations of fostering an underground high war in Matabeleland. "He is the father of dissidents," Mugabe charged and others from government deputies. For his part, Nkomo denied the accusations and reiterated his own charges that the government had unleashed a vicious crackdown on legitimate opposition. Then, after bemoaning the 66-year-old for an hour, the government decided to drop its absorption attempt. Mugabe said Nkomo was a one-party state, either by absorbing Nkomo's Zimbabwe African People's Union or by crushing it brutally. That many of Mugabe's own party members have backed at absorption, charging that it would only make it easier for Nkomo to regroup and challenge Mugabe. At the same time, ZANU members have found the elimination of a separate parliamentary voice for Nkomo's hard-pressed minority Matabele tribe.

But Mugabe seems to be gaining the upper hand. The continuing anti-rival operations in Matabeleland have shattered ZANU's grassroots organization. There are also widespread reports of individual ZANU members giving up the struggle and signing ZANU party cards. While the nation's political climate grows their battle, it seems clear that many of Nkomo's followers and party are likely to choose safety over death.

—TROYEN GIBNEY in Harare.



Aldropov (right) meeting U.S. Senators Russell Long and Claiborne Pell, disorder

THE SOVIET UNION

Unleashing the managers

When Yuri Andropov became Soviet leader last November, one of the most urgent tasks that he faced was retooling and reorganizing the country's sprawling, inefficient economic machine. Andropov repeatedly admonished the system's stifling bureaucracy and steadily falling industrial growth rate, which, at 2.8 percent last year, was well below the Kossighin's goal of 4.1 per cent. Then, last week he issued his sharpest criticism so far during a meeting of party vicars. Andropov avoided specifically blaming his predecessor, the late Leonid Brezhnev, for the problem, but he complained that he had taken over an economy plagued by "all kinds of disorder, mismanagement, violations of laws, money-grubbing and bribery." To reorganize the system Andropov declared that he will introduce dramatic and far-reaching changes in the next two years.

The Soviet leader's attempts at reform during his first 10 months in office have been modest by Western standards. Andropov's most accomplishment has been the implementation of a system of stiff fines for individual workers who do not perform satisfactorily. But to make any genuinely effective alterations, Andropov will have to decentralize the Soviet central planning system and rescue control from the top-heavy central bureaucracy. That would indeed be a revolutionary change, and there appears to be still resistance from planners and their allies within the Communist Party.

Andropov announced the first step in reducing the power of the central planners earlier this month. He said that a

small group of factories will be given greater freedom to set its own production quotas and wage scales. But the decree did not say precisely what powers these factory managers will have at their disposal. And, indeed, Andropov granted the central authorities, who are hostile to the experiment, the right to intervene when they disapprove of the plant managers' decisions.

As well, there is growing evidence that the campaign for reform has led to a high-level dispute within the Kremlin. In a government document recently leaked in the Western media—in itself a rare event—senior economists supported Andropov's position and criticized the inefficiencies of the system. Then, last week, after Andropov's renewed attacks, Nikolai Baibakov, the head of the state planning committee, told Western journalists that the Soviet economy is functioning well and that no further reforms are needed.

Baibakov's unusually forthright disagreement with Andropov reflected the holdings of many of the so-called Brezhnevites who are still entrenched in the bureaucracy. Like Baibakov, they maintain that any departure from Brezhnev's conservative policies will create social unrest. But bureaucratic inertia is an especially powerful phenomenon in the Soviet Union. The plant's ability to resist change is strong. And as long as Andropov can win his political support in the next few months, his reform campaign may make little or no headway. If that happens, he will leave behind the same stagnant and malingering economic system that he inherited from Brezhnev. □

POLAND

Walesa unfurls a new protest

When Polish leader Gen. Wojciech Jaruzelski lifted martial law on July 23, he declared that the nation could plan on an extended period of tranquility. But last week Jaruzelski's government was again leaving itself for a tense confrontation with underground trade unions. In a series of mass demonstrations in Gdansk, organizers of the banned trade union Solidarity served notice that they have not vanished and they issued an ultimatum to Jaruzelski. Union leader Lech Walesa denounced that the government began negotiations on the formation of free trade unions or face the consequences of renewed protests and work slowdowns. Then, at the latter momentary of Janina Gern, thousands of people attending last week's Feast of the Assumption celebration depicted the walls of the shrine with Solidarity banners.

For its part, the government reacted swiftly to the public show of defiance. Interior Minister Lt. Gen. Czeslaw Kiszczak hastily banned all assemblies and demonstrations in the Gdansk area



Walesa: a new cloth opened inevitable

for a month. At the same time, officials set up a special court to punish anyone who defies the prohibitions. The government's authority to ban or control public gatherings is contained in new legislation passed last month which, in effect, authorized many of the powers that the military authorities used to enforce martial law.

A clash with Solidarity supporters seemed virtually inevitable. For as

thing, Jaruzelski is anxious to convert his Eastern Bloc allies that his regime has expanded control over a defiant nation. Indeed, during a state visit to Warsaw last week by East German leader Erich Honecker, Jaruzelski assured Honecker that both Solidarity and Walesa were relics of a transitional past. Honecker, a vociferous critic of Solidarity, was prepared to discuss a closer integration of the East German and Polish economies. And observers noted that because of the severity of Poland's economic crisis, Jaruzelski cannot afford to risk jeopardizing the Germans offer by appearing to soften his opposition to dissent.

Still, Jaruzelski must reconcile outside pressures with those of an increasingly restless Polish public. Martial law, coupled with economic disruptions, has exacted a heavy price in human terms. One family in six now lives below the poverty line, alcoholism is rife, and in Warsaw alone there are 6,000 officially registered heroin addicts, more than double the number from Solidarity's heyday. As Poles prepared to observe next week's 30th anniversary of the signing of the Gdansk Agreements, organizers were rallying out a protest strategy. The strategy called for Poland that followed the lifting of martial law may be about to end.

—SUE HENDERMAN in Warsaw.



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Aguiño's body thrown into sea off airport; 'either casualty, not a' not me true'

THE PHILIPPINES

The death of a national hero

Imelda Marcos, the powerful first lady of the Philippines, issued the initial prophetic warning: "If he comes back," she declared, "he is dead." On Sunday her prediction proved to be deadly accurate. Benigno (Ninoy) Aquino, the anti-Marcos politician and popular hero, arrived in Manila after three years in exile, and was shot moments after he stepped from the China Airlines Boeing 707 which had brought him home. Aquino, 35, who had lived in the United States since 1980, died almost instantly. He himself had forecast the end just before leaving the United States, he said defiantly. "Only death will stop me from returning."

Despite his foreboding, Aquino chose to return to the Philippines to contest next year's election at the urging of his millions of supporters. In a statement written before he left Boston for Manila, he declared: "Executive or let me go free. I have returned of my own free will, prepared for the worst." When he arrived, three police officers boarded the aircraft, arrested him, and escorted Aquino onto the tarmac. There a man wearing a blue shirt and pants—levelled a .357 magnum revolver at Aquino and fired a single shot into his head. The soldiers accompanying Aquino immediately fired a volley of shots, killing the assassin instantly. Afterwards, a hail of gunfire broke out, causing mass confusion.

For his part, President Ferdinand Marcos, who had tried for months to prevent Aquino's return, swiftly issued a statement condemning the assassination, expressing deep sorrow and pledg-

ing to punish all those who may have played any part in the killing. He also sternly warned "opportunistic elements" not to take advantage of the murder of his main political foe by trying to foment anarchy or chaos. But his appointments will now secure Marcos and his government of its intentions having been part of a plot to kill Aquino.

Aquino was the Marcos' most feared opponent. A foreign correspondent in Korea at 17, mayor of Cebu, vice mayor, at 22 and a governor of the province of Tarlac at 25, Aquino gained a reputation for repeatedly attacking the president during the early 1970s. Many analysts believe that he would have swept the presidential elections of 1973 if Marcos had not suspended martial law the previous year. Afterward, Marcos imprisoned his opponent in a military stockade for almost eight years on charges of subversion, murder, and possession of illegal firearms. But even from behind bars Aquino proved to be a formidable political force. During the 1983 National Assembly elections, Marcos granted Aquino only one television and radio broadcast from his detention cell as part of his campaign. But while Aquino's party lost the election amid reports of widespread vote-rigging by

Marcos supporters, the jailed leader's stirring oratory sparked a campaign of anti-Marcos sentiment in Manila, marked by noisy and defiant demonstrations that shook the regime's confidence.

When he was granted professional freedom in 1980 to have heart surgery in the United States, Aquino pledged that he would obey the martial order to return to the Philippines after he had recovered. But for Marcos the timing of Aquino's reappearance could not have been worse. The president, who will be 65 next month, in 19, and there is a rising tide of social unrest in the nation of 50 million. Clearly, it was an ideal time for Aquino to exploit the situation.

The president refused outright a request from Aquino on July 31 to return because, he said, the government could not guarantee that pro-Marcos mobs would not assassinate him. Earlier last week, Marcos continued to resist allowing Aquino to re-enter the Philippines despite pressure from Washington. U.S. state department officials have warned that Marcos was creating a situation similar to that in Iran before the pro-U.S. shah was deposed in 1979. Still, many Filipinos eagerly awaited Aquino's return to Manila. Banners and T-shirts bearing the slogan "We are still for Nino" appeared in the city's streets last week and thousands were at the airport on Sunday.

The Filipino president has promised to hold national assembly elections next year. But at the same time he retains extensive presidential powers for repressing opposition, ranging from the right to suspend elections to the right to "declare martial law" in "meeting anarchy" to banish any meeting intended to destabilize the government. Nevertheless, the relation against him is spreading.

Fighting between government forces and guerrillas, troops and guerrillas expanding Communist New People's Army is taking dozens of lives every week. Even the nation's normally cautious 113-member Roman Catholic Bishops' Conference expressed concern over Marcos' policies, condemning what it calls "an atmosphere of fear and anguish." By returning, Aquino threatened to breathe new life into the serious confrontation the Marcos regime has faced in 16 years of isolated rule.

Aquino is now sheltered by his associates away from his supporters to prevent the most massive demonstration yet.

—RON VORCEK in Manila



Aquino on flight home



Gregory and Faye Dunaway Peck, sister at Rauli

PEOPLE

The white Russians that organizers press away at last week's rarely overbooked \$500,000 Rauli Television Festival were in three sizes—large, larger and ridiculous—perfectly suited to some of the eggs in attendance. **Sam Deeds**, who was filming *Dr. Strangelove*, could not appear in person, but he sent a videotape version. **Patsy Cline** promoted the TV version of his 1960 book, *The Third Wave*. **Gregory Peck** checked into the Rauli Springs Hotel with his wife, **Samuel**, and 10-year-old son, **Stephen**, whose documentary *The Freedom of Our Town* or

of concert. Then, last week he married actress **Carole Fisher** (of *Star Wars* fame), who has been the ex-wife of again object of his affection for five years. The hastily arranged ceremony took place at Rauli's Manhattan apartment and it attracted celebrities **Ray**, **Randy Newman**, **Robin Williams** and the bride's sister, **Barbra Streisand**. **John**, **Phyllis** and **Charles**, **Pepper**, **Wendy**, **Fisher**, 25, and **Simon**, 41, who had been live-in companions for several years, broke up last spring, she said. "I don't need a man to complete me now. The word 'freedom' is something I shall cherish to me." But when **Simon** and **Garfunkel** performed in Toronto last month, **Fisher** was spotted dancing wildly onstage at the end of the concert.



Newswide Fisher and Simon, pair of reunion

Ther's about a needy neighborhood in San Francisco, suspected for one of the island's Rocker awards. Peck was given a special award for his "distinguished film career and his transition into television." Not to be outdone, Canadian producer **Dusty Cohl** (Oshagawa) and former C-Channel president **Reggie Cowan**, who was in town to relax after the collapse of his network, charity created the *Dependent Producers' Association* of Canada, whose members were pressed by **Wendy**, **Pepper**, producer of the *Don't Tell Mom*, and whose legs was an outstretched hand. Their motto: "While you're up, get me a peanut."

For singer-songwriter **Paul Simon**, it has been a year of reunion. First, he teamed up with his old partner, **Art Garfunkel**, for a series of concerts. Then, last week he married actress **Carole Fisher** (of *Star Wars* fame), who has been the ex-wife of again object of his affection for five years. The hastily arranged ceremony took place at Rauli's Manhattan apartment and it attracted celebrities **Ray**, **Randy Newman**, **Robin Williams** and the bride's sister, **Barbra Streisand**. **John**, **Phyllis** and **Charles**, **Pepper**, **Wendy**, **Fisher**, 25, and **Simon**, 41, who had been live-in companions for several years, broke up last spring, she said. "I don't need a man to complete me now. The word 'freedom' is something I shall cherish to me." But when **Simon** and **Garfunkel** performed in Toronto last month, **Fisher** was spotted dancing wildly onstage at the end of the concert.

At the time, she was wearing a diamond ring on the third finger of her left hand—undoubtedly a pious preparation for sporting a ball and chain.

After top-ranked tennis player **Martina Navratilova**, 26, reluctantly agreed her way through the Player's Challenge Tennis Championships at York University in Toronto last week, she speculated

about the different kind of power that she might have gained: "If I wasn't an athlete, I would probably be a bookworm, trying to find out how to cure all these diseases we're giving ourselves," she said. Instead, Navratilova, who has a serious and aggressive style both on and off the court, is looking for more subtle ways to harness her boundless energy when she returns from tennis. She has started a youth foundation and she intends to provide Christmas dinner and presents as well as books and medical aid to underprivileged children in Dallas, Tex., and Norfolk, Va., both cities in which she has lived. And as for studying chemistry, the sleek athlete in red wears that she would take a different kind of discipline. Said Navratilova: "It would take too long. I like immediate reward. I guess that's why I'm playing tennis—right away you know when you stand." With her impressive record—53 victories in 11 tournaments, including her fourth Wimbledon title, her total earnings of \$505,297 this season—it seems an expedient and lucrative career choice.

—SELECTED BY JANE MINGAY

Navratilova: serious, aggressive style



All that glitters is not Pan-Am gold



Weightlifter Maria Pareto (shown) smiles, she Americans do not have to send their best

By Hal Quinn

Only days before last week's opening ceremonies at the Pan-American Games in Caracas, Venezuela, there were still grave doubts that the Games would be held at all. Now, after the first week of a fortnight's competition, many people believe that they should have been.

The 336 athletes are expected to win 148 medals, 30 of them gold. In the time the ninth Games officially conclude on Aug. 29, at the halfway point they had 49 medals, six gold. But whatever the final medal total, the cost of sending the team in the first place will be difficult to justify, and the worth of the medals is difficult to gauge. "The Pan-Am Games are an excellent form of sport, in theory," said Jack Lynch, the technical director of the Canadian Olympic Association (COA), last week. "They are a good regional games."

But sending the Canadian to the regional games will cost the COA more than either the Sarajevo Winter Olympics next February or the Los Angeles Summer Olympics in July. The cost of sending the Canadian contingent to Caracas is \$2.15 million, while Sarajevo will cost \$950,000 and Los Angeles \$1.85 million. And the Caracas contingent is except in the case of softball and some swimming and diving events, is missing the world's best athletes, largely because of the regional nature of the Games. But, admitted Lynch, "The United States can send less than their best and still win most of the medals."

And many of Canada's top athletes did not take part either. As Canada's become more powerful in a variety of sports, such events as the Pan-Am and the Commonwealth Games become less important and athletes concentrate on the world championships in their respective disciplines. The women's gymnastics team, for one, qualified but decided not to compete.

The compulsory routines for the Pan-



amships in Zurich, Aug. 22. The mandatory routines for the men's team were also in Zurich. The grid consisted in the 56-km class in jello in Geneva last week. Louis Jett of Montreal, admitted, "I came here at about 85 per cent of my peak because I'm preparing for the world championships in Moscow in October." A number of track stars are absent, particularly Americans, but also including Toronto's Angela Taylor who was injured at the world trials six weeks ago. A week earlier Seymour Alex Diamond's father died recently, a swimmer Victor Davis had had mononucleosis, and coach Willie DeWitt injured his back, so none of them went to Caracas.

Individual sports organizations are increasingly staging their own world championships and they schedule them in ways that do not conflict with other world events while trying to ignore the timing of regional games. To the athletes and sport bodies the priorities are clear. As Lynch put it, "If you look on it [Pan-Am] as a festival of sport and not the National Hockey League, it's a good thing." The Games indeed solve the financial problems of the vis, but their day-to-day difficulties are strikingly different. Last week a day race into the basketball court during a storm, the lights went out at a basketball game, the daily situation of two or three "official" schedules of events left athletes scurrying to the wrong venues at the wrong times, traffic jams stymied everyone, except during visits, and a male fencer was stalked through the shop with a full Canadian banner-

medal over his head. Border jumped out of a traffic entangled taxi and juggled eight blocks to the awards ceremony arriving just in time to receive a medal—but it was one for women's softball.

The Pan-Am were the last test for the women's basketball team before a regrouping next spring to attempt to qualify for the Los Angeles Olympics. The 10-member contingent is in Caracas for five games. Two teams, Mexico and Peru, joined out at the last minute. But instead of recognizing the games, officials adhered to the original schedule without the two teams. "It's a dreadful situation," said women's team coach Donald McLean. "Between our fourth and fifth games we have four days off. We're going to have to come into the city."

The distance from Caracas to the athletes' village in Guatema is only about 30 km. But it usually involves an arduous drive in Venezuelan traffic. A relatively smooth trip still takes about an hour, but the scope is one reinforced by all who have to live in the village. When some of the Canadian support staff arrived on Aug. 4, the quarters were "filthy and decaying, obviously uninhabitable," said Frank Ratcliffe, team information officer. "There were no windows, no water and no electricity in some of the units." There were some beds, "with mattresses that had been well used for some years," he added. The early arrivals arranged for bottled water to be sent in, and because there were no closets they bought 2,500 coat-hangers and 2,500 feet of cord. They also arranged for towels and some wallpaper. The Canadian Embassy shipped in some furniture and a stereo. Anticipating the arrival of Barry Nye, the chief de mission, a wire was strung across a dinner-table space in his room because "we wanted it to be so when he arrived," joked Ratcliffe. "What we need to operate here is four things: water, electricity, telephone and two-way radios. On any given day we could count on two of the four being out." Furious days after the trip, the Canadian mission staff could not learn the number for the women's residence. "We have had just about every crisis," says Ratcliffe.

But the village, for all of its headaches is now deemed "livable." After the Games, the complex of apartments will house some of the desperately poor, whose shanties, now clinging precariously to the mountainside and around Caracas, will soon be bulldozed. Indeed, that the Games take place in the case of such nations, whose public sector foreign debt now exceeds \$40 billion, grants them a measure of success. And when they are over, thanks to the Canadians will return home and weigh the cost of their adventure.

The bell tolls for Canada 1

By the end of the first series of selection trials in June at Newport, R.I., it was clear that Canada 1 would not be challenging a U.S. defender for the 120-year-old America's Cup. For the seventh time since 1962—barring some freak accident or momentary rolling—this right will go to Australia with its radical and powerful 120-yacht Australia 2. Five days after the semi-finals started, not even halfway through the round, it was all over. Canada 1 had been knocked back in every race. The rhythm of defeat had quickened at the hands of Australia 2, then Britain's Victory 85, the Balboa Amaris, Australia 2 again and around again more. Despite the superb work by the crew and skipper Terry McLaughlin's skill at winning almost every start, the brutal truth was that Canada 1 was just not fast enough.

But no nation challenges for the America's Cup only once. Martin McEyre, the Calgary lawyer who in-

and one of the largest is the \$200,000 principal, plus interest, on the mortgage used to finance Canada 1's construction. The mortgage holder is Paul Phelan of Toronto, who has been outspoken about his ambition to run the next Canadian America's Cup challenge. There is every possibility that the east-west rivalry will produce two campaigns, as Australian rivalries have already done, much to their benefit. Bruce Kirby, Canada 1's designer, even reports rumors of interest in a Maritime challenge, confirming the America's Cup action that the more it costs, the greater the attraction.

For his part, Kirby is squaring down Canada 1's performance since the start of the semifinals of the three components of boat speed—crew work, sails and hull—the hull is the most difficult to analyze and most expensive to fix. The hull's streamlines in light winds were, at first, hampered by the idiosyncrasy of the hull design. But a designer's best



Unhappy crew members, despite skill on deck and at the helm, the boat was slow

sighed the Canada 1 campaign, says that Canada will be back. "Absolutely," said McEyre from the Newport office where he was helping clear up the competitors' finances. "Our intention is to keep both Copper [the team's best yacht] and Canada 1 and establish them as a team in Canada."

If much a full-time training base is established—the only way to ensure that Canada becomes competitive in the sport—it will probably be on the West Coast. Not only is the weather better there, but with McEyre's help, Canada 1's designer for the established eastern yachtsman who found their support at the early stages of the campaign.

In the meantime, bills must be paid,

120-yacht should never have gotten close to the highly evolved yachts of the veteran challengers—at double the cost in Canada and the United States, took pains to point out—so Kirby had no cause for optimism.

If the Australians do win history's longest winning streak when they meet the defender to Sept. 13 for a best-of-seven race series of Newport, they will have done it by dint of 21 years' experience in the design breakthrough, unassisted and design, tactics confined only by McEyre's and his Canadian crew, and millions of dollars. If Canada ever wins the America's Cup, it will not need any less than that.

—JOHN TIERNEY in Toronto



Cayman beach, and Johnson (below) ingesting mysteries, a financial 'shell game' and a veil of secrecy

BUSINESS

Probing the Cayman Islands connection

By James Fleming

Notoriety is nothing new to the Cayman Islands. For centuries after their discovery by Christopher Columbus in 1503, the three small outcroppings of white sand and mangroves in the Caribbean Sea were inhabited principally by pirates and a thriving population of sea turtles. Today the air of intrigue remains due to the presence of another type of chaotic entrepreneur: investors seeking to take advantage of the British Crown colony's strict banking secrecy laws and status as a tax haven. But the Cayman's reputation as a world financial centre has brought them more than just the lucrative business of 60 banks and trust firms. Frequently in the past, business dealings carried out in Grand Cayman—the main island—have been linked to international financial scandals. And now the island has become inextricably involved in Ontario's Grand Trust Affair.

In recent months George Town, the Cayman capital, has played host to a steady stream of lawyers and Ontario government investigators seeking to unravel a major mystery in the

\$500-million flip of nearly 13,000 Cuddeback Fairview apartment units in Toronto last November. It was in Grand Cayman that the final closing of the deal took place. And it is considered crucial to determine whether the final purchasers of the apartments, said to be Saudi Arabians, actually made a \$500-million down payment in a Cayman bank and whether they agreed to pay any cash at all in the purchase. If not,

the Cayman deal was arguably not legitimate, and the financial basis for the apartment sale collapses. That would further strengthen claims by the Ontario government that the apartment flip was an elaborate public of questionable legality. Various opinions have been made public on the issue, both by Ontario government investigators and by principals involved in the deal. To sort out the issue, Meridian has conducted its own investigation in Ontario and Grand Cayman, using both public and confidential documents. Meridian's conclusion, as it provided investigators, that the \$100-million down payment did not exist, it was simply a paper shuffle of identical loans and deposits in a Cayman bank. But, unlike the government-appointed Morrison commission, Meridian's decision that evidence exists that the final purchasers may have been at financial risk in the deal, if only to a minimal extent. That seemingly irrelevant fact could become crucial in future legal battles concerning the trust affair.

Exactly who masterminded the Cayman deal remains unclear. The three main principals in the apartment sale were Toronto resident Leonard Rosenberg, then owner of Crown Trust Co., Greyhound Trust Co. and Greyhound Credit Corp. Ltd.; William Player, former owner of Kilderslee Investments Ltd.; and Andrew Markle, who owned Rosway Trust Co. Rosenberg initiated the flip by buying the apartments from Cuddeback Fairview Corp. for \$250 million and then sold them to Player for \$312.5 million. Markle's Rosway Trust, along with Rosenberg's two trust firms, provided third mortgages to finance the deal. But of the three men, Player alone was present at the Cayman meeting where the financial arrangements were made to create the \$100-million deposit. There is no evidence that Markle knew the details of the deal. And last week, after completing his own seven-month probe into the Cayman transactions, Rosenberg publicly claimed that he knew nothing of what he called the "shell game" orchestrated by Player with the Cayman bank. Had he known, said Rosenberg, he would never have allowed his company to provide mortgages. Whoever conceived of, or knew about, the supposed banking arrangement in the Cayman, it was clearly Player's job to carry it out. According to Player, his first step was to set up a joint venture with Adnan Hassan Qatib—the man claiming to represent the Saudi Arabian investors. The venture was between Kilderslee and a firm the two men formed in Grand Cayman, Canadian Arab Financial Corp. While \$375 million from the apartment sale would go to Kilderslee, the remaining profits over the deal would go to Canadian Arab, which was 49-per-cent owned by Player and 40 per cent by Qatib. The remaining two per cent was owned by Robert Moyle. Markle's has learned that Moyle is a former partner in First Waterhouse Ltd., an auditing firm in Grand Cayman, and now runs a firm named Universal Consultants Ltd.

Player's next step was to arrange for the creation of the \$100 million with Bank International Ltd., a Swiss institution headquartered on the third floor of a shopping plaza in George Town. The managing director of the bank is Gordon Affan, a former inspector general of banks in the Crown colony who had previous business dealings with Player. According to a confidential report by Kilderslee's court-appointed receivers, the Clarkson Co. Ltd., there were two particularly interesting transactions between Kilderslee and a Cayman firm directed by Affan, Investment Consultants Ltd. In April, 1985, says the report, Kilderslee sold to the firm a \$50-million promissory note for \$500,000. The loan to Kilderslee was \$15 million. As well, the report states that in another 1985 deal, Kilderslee sold Affan's firm

preferred shares in an Ontario commercial company owned by Markle for \$500,000, although Kilderslee had earlier bought them for \$4.6 million. (There is no evidence that either of these deals was connected with the apartment sale or the creation of the \$100-million down payment.)

The manner in which that banking scheme was carried out is now beyond dispute. It has been clearly described in reports by Christopher Johnson, a Cappers & Lybrand accountant appointed by a Cayman court to act as receiver for the Cuddeback Fairview assets—the proceeds from the apartment

loan and deposit) was identical. Still, documentation examined by Meridian's suggests that the buyers were apparently willing to make some cash payments under the terms of the agreement. The one thing, Qatib provided a letter to the court in which he stated that "all interest charges" on the loans "are the responsibility of my investors through me as trustee." As well, the bank was to receive an annual fee on the loans it made. The bank has not disclosed who was to pay the fee, but it may have been Qatib's investors. Ultimately, no interest payments were made on the loans, because in April, following a Cayman court order freezing the Cuddeback Fairview assets, the bank collapsed the paper payments and the \$100 million vanished. Still, the agreement made by Qatib may make the scheme a legitimate banking transaction. As well, nothing has been found so far to indicate that the deal was contrary to Cayman law. But major mysteries remain about the deal. The names of Bank International are unknown because their identities, as well as most of the bank's financial records, are protected by Cayman laws. In fact, as Cayman Attorney General Michael Bradley pointed out to Meridian, it is an offence for a third party to even make inquiries about such matters.



For his part, Rosenberg continues to portray himself as a victim in the trust affair. The financier claims that his trust companies' lawyers should have discovered that there was no real down payment in the Cayman, a charge that the lawyers describe as preposterous. He also says that Player did not tell him how the Cayman closing would be carried out. Says Rosenberg: "Why should have told me what the deal was and given me a chance to decide on its merits?" Most odd, he says, however, Rosenberg saw himself as an innocent victim of the Ontario government, which seized the assets of his trust companies and handed them over to new owners. If the government had not forced it, says Rosenberg, "nothing would have happened. The deposits in Crown Trust and Greyhound Trust were not at risk."

Bradley: involved confidentially ties

By contrast, Player is apparently seeking to avoid more publicity over the debate, although last week a report to the Ontario Supreme Court by Kilderslee's receivers showed that Player had stripped the firm of \$21.1 million. When questioned about the report, one of Player's lawyers, Peter Broadbent, claimed that it was "inaccurate in many respects." The growing number of charges against the actors in the trust affair must be resolved in court. But it is far from clear whether the answers to other flagging questions, which may be concealed by the secrecy laws of the Cayman Islands, will ever be known.



Michael Bradley



The Atlantic Trust building—unauthorized loans, financial losses and resignations

Troubled times for Atlantic Trust

Companies usually attempt to make the release of their annual reports an occasion for celebration and promote. But for Halifax-based Atlantic Trust Co. of Canada, that opportunity was not available. When the company issued its yearly statement, the message was clear: 1982 was an unmitigated disaster. Not only did President Joseph Potter resign at the time, but the report also outlined financial problems, unabsorbed loans and wild-fire rumors which have all taken their toll on the small company (assets of \$60,570,000). Still, profits for this year seem to be healthier, and Potter, who will continue to hold 30 per cent of the firm's stock, insisted that Atlantic "already has to be a candidate for the most improved performance of 1983."

Compared with its performance in 1982, that is probably an accurate prediction. For one thing, the company's managers were forced to sell their stock building last year in an effort to keep the firm's capital reserves up to levels required for trust companies. But the sale was made in the trough of the recession, and Atlantic still suffered a pre-tax loss of \$1,007,977. As a result, it was forced to issue 45,090 new shares and borrow \$1 million from its shareholders to build up cash. Thus the board's audit committee discovered

that Potter had made "unauthorized loans, advances and commitments" to associated companies in violation of the Trust Companies Act. That revelation led the federal government of insurance to agree in and briefly take control of Atlantic's assets last November.

Rumors about the company's uncertain future spread last spring when the annual meeting was postponed because of a dispute with the company's auditors over how to record the profit from the December, 1982, sale of Atlantic's head office. Still, that sale—which allows Atlantic to lease back its office space—helped to reduce the \$141,695 annual loss that Chairman John Dickson announced when the meeting was finally held this month. Although the company's net income increased by 30 per cent, to more than \$10 million in 1982, that was offset by the loss the company suffered when it liquidated its securities portfolio in the face of growing economic uncertainty. Besides breaking the news of the Potter resignation at

the meeting, Dickson announced that seven directors and two other officers of Atlantic had also stepped down. (The company contends that these other departures were not related to Atlantic's difficulties.)

A former vice-president of Algonia Steel—Canadian Pacific Ltd.'s steel—Marine-based subsidiary—Potter bought control of Atlantic in 1980. He declared that, "It had a good reputation, was marginally profitable and was small enough so you could get a significant position in it." At first, his aggressive, hands-on management style worked well. The soon-lucrative company dramatically increased its share of the local real estate business, becoming Halifax's third-largest realtor and an important developer of residential and commercial real estate projects. Among its development projects: a \$80-million office and apartment high-rise complex now under construction in downtown Halifax.

But what one Halifax businessman calls Potter's "aggressive authoritarian" style also helped to explain the questionable loans that were made to companies with which Potter was associated. Said Dickson: "He could have negotiated the loans properly through another lender, but it was simpler and quicker to get them through Atlantic Trust. Unfortunately, it was the wrong way to go about it." Potter contended that the loans were an error in judgment. But he contends that they have all been repaid in full. Still, Atlantic refuses to disclose the total value of the borrowing or the identity of the beneficiaries.

Michael Brown, Atlantic's recently appointed executive vice-president, and formerly with the Continental Bank in Halifax, taken over as acting chief executive officer this week, but Potter will remain with the latter company as a consultant to the real estate division. Indeed, there is speculation that he may one day return to the presidency. As Potter put it: "My resignation is not

temporary or permanent, it just is I'm going to the back of the bus now. That's all I want—over me the company takes in the next few months, things are already looking better for Atlantic. A \$196,000 profit for the first six months of this year compares favorably with a \$34,000 loss for the same period last year. And if that pattern continues, work should be more pleasant for the author of the 1983 report.

—STEFFEN KRAMER in Halifax

Potter back of the bus



Few regrets for the final Triumph

The Triumph motorcycle at one time the dream machine of men and boys around the world and later a model for sleek British industrial, now seems destined for landfill or scrap. The co-operative firm's remaining 500 workers—most of them laid off for the past several months—apparently sealed the company's fate on Aug. 8 when they agreed to call in a liquidator to wind up the affairs of Triumph Motorcycles at Meriden, near Coventry.

That move comes as no surprise. Despite craftsmanship, voluntary wage restraints and a £10.7-million debt underwritten by the British government, the Meriden group was fourth in a list of unsuccessful bids to save the motorcycle company. The death knell rang in February when a £3-million cash shortage forced the assembly line to grind to a halt. As a result, production for the traditional summer selling season in the United States—which fared 60 per cent of Triumph's market—was lost.

Triumph has been in financial difficulty for several years. While British builders stuck with large heavy bikes, Japanese and West German builders produced smoother, lighter and faster machines. The result: 90 per cent of the bikes bought in Britain are now built on the assembly lines of Honda, Suzuki, Yamaha and Kawasaki. Honda alone has cornered 40 per cent of the U.K. market, and competitor Honda has become inquisitive, with some 200 similar models available for buyers to choose from. Triumph's former owner, Maurice Villiers (Triumph, announced in 1975 that it was closing the Meriden plant). An 18-month occupation by the plant's employees resulted, and eventually they formed a co-operative. To keep the operation started, the government paid its debts of roughly £10.7 million (\$20 million) and it offered an additional £5 million (\$9.4 million) in loans and grants.

But the handouts were not enough. Despite gradual help from its former owners, the co-op had difficulty developing an effective sales network. Eventually, the Triumph co-op obtained selling outlets from the former owners. Still, when that problem had been overcome, production—about 80 bikes a week before the February shutdown—never reached profitable volumes. On top of that, there was little outside interest in providing investment capital which the co-op needed to improve its well-worn, but aging product line.

Another problem for Triumph, as

well as for its competitors, was that worldwide motorcycle sales have been on the decline. In fact, the British market has been among the worst hit. According to one published report, the number of motorcycles registered has dropped dramatically since a high of 214 million in 1980. That total dropped from 215 million in 1981 to 228 million in 1982. And so far this year there has been a further 25-per-cent decline.

The passing of Triumph will leave only two motorcycle big firms in Britain.

After years of development, Norton has finally put into production a re-engineered 1,300-cc machine that it hopes will appeal to police forces. The other company, BSA—whose name was created from last year's liquidation of BSA—continues to turn out two-hand-built luxury machines a week. Meanwhile, a selection staff of the Meriden co-op may remain to produce spare parts—and even dream nostalgically of sometimes reviving the Triumph name. —EDWARD DALT in London.

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B.C.'s shadowy ad affair

Ever since B.C. Auditor General Ernie Morrison delivered a second special report on financial irregularities in the ministry of tourism, the provincial legislature has responded with demands from the opposition that the Social Credit government of Premier William Bennett call in the poker. Last week Bennett complied.

Members of the RCMP's commercial crime squad raided the Vancouver offices of McKim Advertising Ltd. and Ylisk Robinson Advertising to seize documents that may substantiate, or disprove completely, the allegations made in Morrison's report. Referring to the firms concerned only as agencies A, B, and C—the third firm is reportedly International Conference Services of Vancouver—Morrison alleged that in its dealings with the tourism ministry there had been "a major breakdown in the exercise of controls over taxpayers' money."

Tourism is British Columbia's third-largest industry after forestry and mining. It employs 10 per cent of the province's work force, and during the period of Morrison's audit the tourism ministry spent \$16 million, nearly half of which went to McKim, a firm that is also the Social Credit party's "agency of



Morrison, \$100 for a three-minute call

record." Operating without a formal contract, McKim in turn contracted out marketing work to Ylisk Robinson, and to International Conference Services. According to Morrison's special report—her second on the subject—the

three agencies regularly circumvented government payment procedures, made cash payments to ministry employees, lodged expense vouchers and shifted bills, tacking on a 37.6-per-cent service charge at each step of the billing process. Not only that, but Morrison's office identified instances of double-billing totaling \$20,000—most of which has now been recovered.

Still, outstanding items include travel costs that were double the allowed amount, meals charged to the ministry by travellers who were on overseas flights at the time, and one three-minute \$100 long-distance phone call that B.C. Telephone says should have cost \$15. In all, McKim Advertising spent \$1,200,000 more than was outlined in its original appointment letter from the tourism ministry. Not surprisingly, Morrison's charges set off a political storm in the provincial legislature, where NDP spokesmen called for the suspension of McKim as the agency handling the B.C. government's account.

When it originally appointed McKim to handle all of the government's marketing, British Columbia's Social Credit leaders promised a streamlined, cost-effective new system. Morrison's charges may make that a more difficult undertaking.

—2005 PALMERIAN in Vancouver

BUSINESS WATCH

Waiting for Mr. Mulroney

By Peter C. Newman

The Trudeau government's cabinet shuffle was the third in a series of recent manoeuvres designed to strengthen its fiscal relations with the business community.

The elevation of Ray MacLaren and David Smith and the transfer of Jean-Luc Pugin into a slot where he can help foster international contacts for exporters are good news to a private sector still nervous and suspicious of Ottawa's every initiative.

The appointments follow the second of the three taxonomies. Marc Lalonde's pro-business budget last spring was designed to shore up the finances of companies hard hit by the recession by transferring some of their deficits onto federal balance sheets through incentives for equity financing. (Because most companies were still operating below capacity, they will probably use the tax provisions to write down debts instead of creating new jobs by making capital investments.)

The first and even more controversial move has been the rise of the Canada Development Investment Corp. (CDIC) to prop up Canada and de Hardhead. The CDIC is more than a year old now (it was incorporated on May 26, 1983) and it has been mired in controversy ever since.

The politicians who have generated most of the fire and talism most of the heat on the issue is Jack Austin, the senator from British Columbia who as federal minister of state for social development controls the lion's share of Ottawa's social expenditure. Determined to stave off private enterprise with public purpose, Austin expanded on his philosophy in a recent conversation. "I've envisioned CDIC," he told me, "not to take the place of the Canadian private sector but to be on the cutting edge of the relationship between business and government. It has been one of the most significant policy developments of recent times and it is very typically Canadian. We didn't announce it as a huge master plan with all sorts of philosophical flourishes or stand up in Parliament and make big speeches about broad principles. We created it as a new financing policy vehicle to address the Canada Development Corp., believing that it is an important step in the evolution of the government-industry relationship, without which Canadian society can't respond successfully to the competitive world in which we live."

Austin and his two chief cohorts—CDIC Chairman Maurice Strong and President Joel Bell—see their mission as bringing the private and public sectors into balance with each other. That is a delicate assignment. Austin, who has emerged as the Liberal party's chief thinker (which is a little like being a genuine shogun in a town of legionnaires), is convinced that the most constructive kind of society and highest degree of social justice can be achieved only when public and private powers exist in perfect harmony. "It is an almost ori-

harm the society in which it exists."

The firm's previous incarnation involved the elevation of Petrobrás Austin was the state oil company's chief ambassador to deputy minister of energy, Strong was Petrobrás's first chairman, Bell was its first executive vice-president. That venture succeeded in its objective of securing a major role in the energy game. But CDIC's current move to salvage the Canadian aircraft industry is a far more slippery proposition. Austin hopes that writing off the two companies' 1982 losses (\$1.7 billion) will shored up capacity to fulfill the industrial orders involved in future airplane orders. That makes good sense for de Hardhead, which is in the business of making short-takeoff aircraft that have an established international demand. It is much more of a risk to be as the kind of large-scale reversal in world demand for commercial jets that would make Canada's Challenger a viable product. At the moment, Canada's ventures into this troubled market has cost taxpayers the equivalent of \$900,000 per job for that half of the aircraft company's 4,500-member work force actually engaged in building the flying boardrooms.



Austin: most of the fire, most of the heat

One of the enduring nightmares of how Canada managed to pile up the longest loss in Canadian corporate history is why his board of directors (which included such energy heavy hitters as David Colver of Alcan, Guy Desmarais of Gulfstream Leclerc and Charles Rothgar of Canastack International) did nothing to halt the fiscal hemorrhage. The Challenger's original development cost was supposed to be \$120 million, it will actually cost \$1.1 billion. The deeper mystery will be why, given its record, Austin recommended exactly the same board of directors (includes former Canadian president Paul Keating) on June 18 of this year to continue running the company's affairs.

All at once, when state-controlled multinational firms are charging out 34 per cent of the world's steel, our postindustrial society needs an enlightened government present to help smooth out the transformation that Canada is not a good cause on which the feds should hang their hats.

When it comes down to it, as state corporations, cabinet shuffles or fancy budgets are likely to save the Liberals now. What Canadian businessmen crave is not an artificially resurrected Trudeau administration but a boldly innovative Mulroney government.



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The dismantling of the Rosenberg myth

Just over 38 years ago, on June 19, 1953, the coconspirator at Sing Sing prison in Ossining, N.Y., pulled the switch and carried out the sentence of death by electrocution passed on electrical engineer Julius Rosenberg and his wife, Ethel. Judge Irving Kaufman had sentenced the pair more than two years before in an emotional judgment, recounted in an exhaustive new book as *The Rosenberg File: A Search for Truth* (Holt Rinehart & Winston). Kaufman told the world that their crime was "worse than murder . . . putting into the hands of the Russians the A-bomb years before our best scientists predicted Russia would perfect the bomb." The Rosenbergs' treason, the judge added, "has already ceased, in my opinion, the Communist aggression in Korea, with the resultant [U.S.] casualties exceeding 50,000."

Kaufman's damning accusations, far more searing than any made by the prosecution, set the Rosenbergs' crimes firmly into the Cold War context. The struggle with the Soviet Union, was under way, the Korean War was raging, and the threat of a nuclear holocaust hung over the earth. To millions around the world who believed that the Rosenbergs were innocent, the couple seemed to be martyrs to America's anti-Communist hysteria.

Thousands demonstrated in Paris, London and Rome to denounce the alleged witch-hunt that had convicted the Rosenbergs. The chairman of the French Communist Party, Jacques Duclos, declared that the conviction of the two Americans was an example of anti-Semitism, adding in the same breath that a recent execution of eight Jews in Communist Czechoslovakia was not. That was the party line, and the words still persist: Ethel, not all Communists, claimed that the Rosenbergs were framed by J. Edgar Hoover and his FBI. On the other side of the political spec-

trum, the right saw the Rosenbergs as evidence of the pervasiveness of Communist espionage in the United States, an leading figure in the betrayal of the bomb to Moscow and even, as Kaufman charged, the cause of the Korean War.

Neither side was correct, according to Ronald Radosh and Jesse Milton, the authors of *The Rosenberg File*. Radosh is a well-known U.S. historian and, the freelance author Milton, a longtime left-winger in the left-wing arguments about the Rosenberg case. Still, line up on a search for truth, as their subtitle pro-

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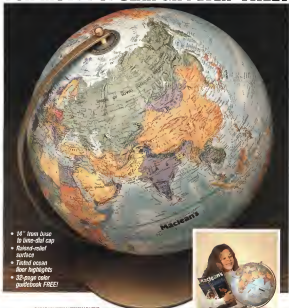
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The Rosenbergs: the authors affirm Julius Rosenberg was a spy master

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Fighting flash fires in the sky

Airlines will never eliminate the threat of an aircraft fire in the sky. But current research indicates that a blaze aboard a plane in flight could often be contained long enough to give passengers a good chance of escaping once the aircraft has made its way back to ground. The solutions, involving flame-retardant materials, are costly, and the financially strapped airlines have found it difficult to find funds for their implementation. The issue of whether the carriers should have to refer their fleets to meet higher standards of flame resistance was raised in earnest last week during a hearing on the June 2 Air Canada disaster at Cincinnati airport. The igniter of a DC-9 was gutted within seconds of the craft's emergency landing at Cincinnati en route from Dallas-Fort Worth to Toronto, and 21 people died. Since then, analysts have subjected the burn-out wreckage to a detailed examination and they offered conflicting conclusions to the U.S. National Transportation Safety Board (NTSB) at the hearing.

The testimony of expert witnesses uncontrasted as an overheated flash motor in a toilet at the rear of the plane. There was no agreement, however, on what caused the overheating. Consulting engineers from both Air Canada and McDonnell Douglas Corp., the plane's manufacturer, said that the motor was not the original source of the fire but was likely damaged by "an external heat source." Neither witness identified that outside source. Nac Vervynck, a Transport Canada expert on elec-



FAA fears of fire-blocking seat covers: even a minute's delay can save lives

trical fires, said his investigations indicated that the motor itself was the cause. Vervynck then drew a rebuke from hearing Chairman Donald Engen for going beyond his expert testimony when he enlisted the cabin crew for not taking precautions against immediately after three fuses blew, indicating an electrical fault in the flashing motor. "Blew in my own house, when three fuses blew I take it as a serious situation," Vervynck said.

For his part, pilot Donald Cameron said that his crew told him five times that the fire was dying down. He assumed it was merely a washroom trash fire that was under control, he testified.

Then, lights in the cockpit indicated a major electrical failure. Captain Claude Guenot, who went to investigate, returned and, according to Cameron, said, "It's bad—we've got to go down now."

But it was the dramatic testimony of the survivors of the Cincinnati fire that particularly highlighted the urgent need for tougher fire-control standards in the airline industry. In a statement read to the hearing, 36-year-old Randy Morris of Denon, Tex., revealed that although the smoke was so thick he could hardly see or breathe even before the Air Canada jet landed, there were no visible flames. "I never saw any flames until I opened the hatch," he said. "As we got out, the flames suddenly leaped out after us."

In that respect, the Air Canada incident was similar to the only two previous known major jetliner fire disasters. A Saudi Arabian Lockheed TriStar landed safely in Riyadh on Aug. 15, 1980, and all 302 people aboard died. A Brazilian Varig Boeing 707 burned in a field near Paris on July 11, 1979. A fire that started in a toilet killed 122 of the 154 passengers. In each case, as long as the plane was airborne, the oxygen supply was limited, and the fire tended to smolder and smoke. But

Cincinnati airport: Swensen John Horton at NTSB hearing: Swensen suddenly leaped out



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Songs of experience

The martial and professional separation last year of England's Richard and Linda Thompson robbed pop music of one of its most fruitful partnerships. He played galloping electric guitar and wrote heartfelt songs about the joys and despondency of teenage love. She sang in a rich, husky voice which, within a single phrase, could switch its emotional bleeding from troubled melancholy to maternal sympathy. On *Head of Kinsale* (Himmler/A & N), his first album since the breakup, Richard Thompson is at the peak of his abilities. The addition of two songwriters to his band leads to a jaunty, 1960s-sounding feel to the songs. *Your Street Letter* is a carnival of rapid fire, self-mocking images, featuring a rooftop chase among the stars and John Kirkpatrick's accordion, and a fast and frenzied guitar solo.

Despite Thompson's dexterity with rock 'n' roll riffs, it is the ballads that stand out. On the title song, his groff voice delivers a serene, desperate plaint about suicide which reaches a state of ragged hope at its conclusion, as the spidery, delicate notes of the guitar gather into a confident roar. The mystery is even more profound in *Goodbye*, a tale of an impossible love in a mythic, wartime setting. On that song the dialogue between the lead guitar and a mournful accordion achieves a timeless beauty, a rare quality in pop music.

Like Thompson, Ireland's Moving Hearts blend traditional and modern instruments—including the inspired coupling of ulann pipes (an Irish form of bagpipes) with a saxophone. On *Dark End of the Street* (WEA), the seven-man band explores some Irish themes into California lightning settings. Two American songs—Jackson Browne's *Before the Deluge* and the rock standard *Dark End of the Street*—take on urgency and meaning when they are transplanted into as unsettled Irish context. Set the polemical, revolutionary lyrics of olive protest songs against the effect of the transatlantic moonship on these selections. Still, what ultimately makes *Dark End of the Street* a worthwhile album are three instrumentalists that synthesize the traditional and electric instruments to build as W.B. Yeats called his poetry "a sorrowful loneliness."

—IAN PRATER

The boot that bites

Last June Montreal city council decided to introduce the Denver Boot, a device that strangles in the wheel rim of an automobile tire and renders a car inoperable. Under the system, revving buffets truck down vehicles whose owners have accumulated four or more unpaid parking tickets, and look on the boot. The system, the first of its kind in Canada, was initially successful. But two months after the introduction of 300 boots, imported from Colorado, the city has 50 impounded cars in storage and has had to fight four lawsuits, one of which could go to the Supreme Court of Canada.

At first the mere threat of the Denver Boot inspired motorists to pay some of the \$12 million in outstanding fines. Said assistant city lawyer Jules Allard: "We received tens of thousands of dollars in the first few weeks from people who figured that it was their first time to pay." Two half-price fines sent out five vehicles equipped with computer files of license plates of vehicles whose owners owed fines. With the city divided into regions, the bootfalls elicited every license plate duly against their lists of offenders on so many streets as possible. In one July week alone they booted 31 cars, and officials were congratulating themselves on the efficiency of "Operation Boot." Then they began to encounter increasing resistance. Some owners of booted cars simply abandoned their automobiles because they decided that the trade-in value was less than the total fines they owed. Said Jean-Paul Gressier: "About 50 per cent of the booted cars have to be towed away after 24 hours because their owners will not pay."

The system may face difficulties on the legal front as well. Taxi driver Just Otero, who owes \$3,788.06 worth of parking fines, sued the city to regain his car. Otero's lawyer, Douglas Paul, argued that Otero had already been tried, found guilty and fined for the parking violations. Despite the fact that he had not paid, Paul contended, the city had no right to add its own penalty—the rebooth of Otero's car—to the court's judgment. Mr. Justice Levesque's court agreed and gave Otero back his car. The city is appealing the judgment. But plans to expand Operation Boot's fleet to 20 vehicles patrolling around the clock have been shelved.

—ANNE BERNIE in Montreal

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BOOKS

An innocent in uniform

JOHN COE'S WAR
By Chris Doeber
(McGraw-Hill Ryerson,
222 pages, \$17.95)

Often writer Chris Doeber was born a year after the end of the Second World War. But like many Canadians in his age group, he has an intense curiosity about the events that provided his father's generation with the test and badge of its maturity. Doeber's third novel, *John Coe's War*, is an ambitious attempt to get inside the skin of a young man who grows up in the dreary mill of 1930s Toronto and is suddenly plunged into the most destructive war in the history of the world. Although Doeber's reach sometimes exceeds his grasp, he has successfully created a complex and entertaining history of an innocent's war experiences and the effect of the conflict as the rest of his life.

John Coe is a high school student who plays classical piano and lives with his schoolteacher father and domineering, straitlaced mother. The war is almost a blessing to Coe since it attacks him from the future that his mother has planned for him. She wants him to become a concert pianist, but the clamor of battle proves irresistible to a young man raised as the boy-woman hero of Rudyard Kipling's *Stalky & Co.* "There was never a better time to be in a military uniform than the fall of 1939," he says. "To the neighborhood, my tidy brown private's uniform made me an instant celebrity. But did it want to give it up? Coming home from militia camp was a very big deal."

While Doeber notes the naive optimism and enthusiasm of Torontonians during the early months of the war, he does not really succeed in recreating the ambivalence of war. The period itself seems more accurately reconstructed than lovingly remembered.

In the war novel, he recognizes the thorough research, a certain predictable etching of old novels and films and some impressive flashes of imagination to credibly depict life in London during the Blitz and the Canadian countryside in Sicily and Holland. The real hero of these passages is Geoff Hines, whose personality is toughened and eventually destroyed by the cruelties of war. Doeber's portrait of the disintegration and death of the tragic young Adams is



Doeber: an intense curiosity about war

superb. Hines's story gives the war veterans their greatest depth and resonance.

The war also transforms Coe. The once timid pianist becomes a popular, twice-decorated officer. But his war does not end with his day demobilized, he returns to a society into which he never quite fits. The final two thirds of the novel chronicle his struggle over the next 38 years to find himself as he weaves between high school teaching and his talent for jazz piano. Doeber portrays his confusion with refreshing energy, never losing Coe's sense with stereotyped male heroism. The veteran is a far better man than mere his handsome wife, Chrissie, must take the initiative in leading their family out of difficulty. Fortunately for him, Coe is humble and wise enough to follow his soldier. In the end, he proves to be a man of rich, understated character, a far more attractive individual than many of his more conventional friends.

The major disappointment of the novel is that Doeber races through too many of his scenes. He often fails to explore their emotional potential but glosses over them with his speedy, journalistic prose, producing the impression of a heavy Coe's tale of John Coe's life. Ultimately, in its colorful summary of a lifetime's events and in its evocative passages for the struggle of an older generation, *John Coe's War* is a good book. But it could have been better.

—JOHN BENJAMIN

Outpourings of a leaky imagination

ALIBI
By Robert Krestech
(Goodert, 242 pages, \$16.95)

The legacy of contemporary American novelist Thomas Pynchon is three remarkable novels and a classroom ghastly imposter. Kaleidoscopic effects, global leaps, strange characters, mysterious motives, blurry meanings—such are the beacons of Pynchon's imagination and the shoals on which a generation of lesser writers has run aground. *Alibi*, by Robert Krestech, is the most recent Canadian novel to test those treacherous waters and the most recent to sink, all hands on board. Author of the Governor-General Award-winning novel *The Shadow Men*, post-professor-novelist Krestech would have done well to have plotted another course altogether.

Alibi continues what the exploration mainly around, of William Dorfin (known as Derf to his friends), a globe-trotting promoter of unusual objects for Jack Deemer, a millionaire Calgary oilman and collector. For mysterious reasons, Deemer instructs Dorfin to "find me a spy," and for once more obscure reasons, Deemer's mistress, Julie Magnusson, induces Dorfin in the Bassett hot springs and tells him that if he does find a spy, she will have to kill him. Orphaned, smiling shaver, an aviator, some aquatics, water curls and wad baths, smart as a whip to a central puzzle. The plot, not to be confused by the thinking symbols, steadily conveys in its passage from Bassett to Bath, in England, Wales, Portugal and Greece in the Aegean Sea, an odyssey across Dorfin's private parts and his reason. "So let me tell you my own reason for coming to what we do not comprehend?" By that time, the reader begins to suspect that Krestech is not so much interested in weaving a story as in presenting a syllabus of many topics for undergraduate students of Canadian literature.

Alibi is about bathing, heading, curling, purifying, dancing, drinking, sweating, escalating and vomiting. Last, anyone forgets his grand theme of irony. Krestech's digressions with almost everything else between the two covers. Its pages are solid with imagery, but the characters are faceless and antirealist. Their adventures are neither vivid enough to be plausible nor outrageous enough to be fantastic. When Julie lures Dorfin into an aviator's area in the Rockies, he ends up buried. As unlikely and as awfully a murder weapon as the entire work of a mouse

might be, it is high realism when compared to the impenetrable land of Dorfin's snow-covered thoughts. "Strangely enough, dead as I was, and I believed for certain I was a dead duck, I found some small comfort in the recognition that I, the hunter, had become the hunted, the collector's agent, made part of the collection. I was big enough to admit that in some small way I deserved my fate. We live and die by such distinctions, each abrupt and unexpected change of role."

Apparently, Krestech intended the straight staff of both his "meaning" and his more poetic passages—some of which are admirably, even beautifully written—to be mixed with the soda pop of his comic flourishes. *Alibi's* chapters have titles such as *A Mouse Arrives And Derf Dies*, *To Stay The Least, Don't Obey*, *The Great Surmountable, Quixotique* and *Rebirth/Rebirth* of the novel could only have been intended to add up to what some critics invariably call "high-spirited cerebral smog." In fact, that intention is so obvious, self-conscious and steadily irritating that Krestech's better aim, to say the least, as flat as day-old ginger ale.

"What am I to say?" asks Dorfin in the chapter headed, *In Which Dorfin Comes To Understand An Orphan*. "What is there to say, ever? After love, one is weary." Alas, after *Alibi*, the same is true. —DAVID MACFARLANE

MACLEAN'S BEST-SELLER LIST

- Fiction**
- 1 The Little Drummer Girl, by Le Guin (1)
 - 2 *Children, Fire* (2)
 - 3 *Wild to Gold Water, Demolition* (3)
 - 4 *Andromeda, Master* (4)
 - 5 *Return of the Jedi* (5)
 - 6 *Valer of the Bear, Preacher* (6)
 - 7 *The Name of the Rose, Book 10* (7)
 - 8 *Leviathan, Gardner*
 - 9 *The Sun of Rats, Preacher* (11)
 - 10 *The Lazarus Effect, Herbert and Keston* (12)

- Nonfiction**
- 1 *In Search of Excellence, Peters and Waterman Jr.* (1)
 - 2 *Marathon, Norder* (2)
 - 3 *The Power of Power, Brown* (3)
 - 4 *The Last Line, Macaulay* (4)
 - 5 *Pearl, Thomas and Morgan White* (5)
 - 6 *Out on a Limb, MacLean* (6)
 - 7 *The Outpost, Power, Moore* (7)
 - 8 *Are People's Worst Book, Pender* (8)
 - 9 *How to Live to Be 100 or More, Byrne* (9)
 - 10 *The Love You Make, Brown and Green* (10)

(1) Position not ranked



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MACLEAN'S NOVEMBER 19, 1991

The sweet, strong promise of youth

By Mark Carnes

Few individuals have been more closely associated with the success of the Stratford Festival than Michael Langham. During his years as artistic director, from 1966 to 1987, the classical repertory company that he founded placed international accolades. Now Langham has returned, for two years at least, attempting to fulfil the educational role that current artistic director John Hirsch feels is the festival's main purpose. Hirsch headed his company last summer, when he began a formal training program for young actors. This year's version of the 14-member Young Company (including five seasoned senior players) has been working with Langham since June. And their recent production of *Love's Labour's Lost* and *Much Ado About Nothing*—in addition to Hirsch's savagely bleak version of *Macbeth's* *Tartuffe*—more than convinced me that Richard Campbell's disastrous infusion of English playwright William Wycherley's *The Country Wife* to strengthen the Stratford repertoire at midseason.

Decorating both Shakespearean comedies is the great classical actor John Neville, who is making his Stratford debut after a decade as an artistic director, first at Edmonton's Citadel Theatre and, more recently, at Halifax's Neptune Theatre. His dedication to the role made the public man of learning in *Love's Labour's Lost*, matches Brian Bedford's Richard II as the festival's top performance. Every minor character is so carefully and so carefully attended to that the audience is left with the impression that the play is a masterpiece. But the play is not. It is a signature piece for Langham (the current production is his third). Unfortunately, with the exception of Garrick Hagan's King

of Navarre, Maria Roscoe's Princess of France and occasional funny flashes from Joe Ziegler as Browne, the four pairs of lovers challenging their romantic vows are unimpaired. In those full moments, Langham's sensual costumes and Stanley Silverman's elite music nearly founder, only to be rescued by yet another rhapsodic down or clumsily paced.

Neville's understated magic also softens *Much Ado About Nothing*, set in the era of the First World War. An Llewellyn, amiable guardian of the early theatre (Tara Hirsh), and dating father of the bride-to-be, Hero

But Langham's own integrative skills eventually wear out. Llewellyn's estate is a detailed marvel of Italian country life, a gently it seems away from a direly hard war, although the relevance of the First World War to the play is never made clear. The crude bluster of Llewellyn (the Daugherty (David Perry) and his cohorts, who stunk into smacking the estate, seems perfectly appropriate. And when the capture of Don John (Garrick Hagan) is announced, his parody can almost—but not entirely—be overlooked.

Setting *Much Ado About Nothing* in the modern age is an attempt not only

and downgraded with running gags, such as an annoying clock that cuckoo at inappropriate moments. The staging is, in fact, insulting to the cast, who all deliver fine performances. Don John, Hirsch and Gwyneth Campbell as the wife and husband are outstanding.

The excess of parody in *Tartuffe* has obvious contemporary parallels in the revival of fundamentalist religion. The driving force setting it as a breeding ground for evil, and, in Hirsch's over-the-top, the disempowered, middle-class Oregon family gets exactly what it deserves from the pious, hypocritical priest, Tartuffe. But there is no possibility that the audience will also be taken in by Tartuffe, because of Brian Bedford's openly mocking performance. The famous seduction scene, in which Tartuffe impregnates Elmire (Roscoe Maxwell) while Orgon (Douglas Campbell) hides under the table, is so pretentious and menacing that it seems probable that Orgon is actually enjoying the potential rape of his wife. When evil makes itself overt, laughs are scarce but all the more effective for being so welcome.

Hirsch's reading may be better medicine but it is severely administered. Taking their cue from Bedford's colloquial mastery of Richard Wilson's complete, most of the cast articulate the verse with a keen ear for rhythm, and some Company veterans Pat Galloway (as the maid Desdemona) and Campbell are exceptional, while Scott McKenna, a president of last year's Young Company, also reveals a gift for comedy in the role of Orgon's daughter. However, Hirsch's underplaying social critique further reduces the classic *Macbeth* has already developed in the first scene. The royal intertextuality which weaves Orgon's family from his family's illegitimacy suggested by Tartuffe and provides an emotional release. But when society is bankrupt too, justice is meaningless and everyone is culpable. Instead of arbitrarily asserting Tartuffe, the king's economy could as easily have arranged Orgon or Llewellyn—or the audience.

Langham and the Young Company productions have done a great deal to help revive Hirsch's vision of Stratford as Canada's shining hope for preserving and encouraging classical theatre. Star performances from the likes of Bedford and Neville are solidly embedded in strong ensemble work that seems to be a lack of directors remain problems. As well, on the basis of last year's productions Hirsch believes that directors who are inexperienced with the classics should not use the Young Company as a training ground. However, the months ahead achieved with the company by Hirsch and Langham are impressive, and Stratford cannot possibly be a disappointment in a summer. ☐



Campbell Canadian broadcaster is preparing to present a video re-enactment

TELEVISION

Cable TV's tightrope acts

For several years Canadian television viewers have looked longingly at the video unexplored north of the border. Although Canada has been a world leader in cable and satellite technology, the industry has lagged behind its U.S. counterpart in offering such specialty networks as the highly popular all-music MTV and ESPN, a 24-hour sports channel. Now that is about to change. Last week the Canadian Radio-television and Telecommunications Commission announced that 40 individuals and companies have responded to its call for applications for specialty programming licenses. The race to provide the second generation of cable broadcasting is under way.

The CRTC has not yet determined all the rules, such as decisions on Canadian content, but the list of candidates provides a glimpse of what may be available as early as the fall of 1988. Eason Broadcasting of Toronto is one of four companies that have applied to air a 24-hour news service. Edmonton doctor and radio talk-show host David Robert Campbell has placed a bid for a provincial, and consumer-oriented, lifestyle network. In addition, the CRTC has received eight applications for a new video station, four for a multilingual service and two each for a sports and a children's programming network. So far, the applicants refuse to divulge specific details because those can be altered before the CRTC starts its public hearings, probably this fall.

On the subject of how many licenses will be granted, the CRTC is similarly

silent. But the price of winning the race will be high. Batsan's programming, which proposes 25 hours of original broadcasts and six hours from U.S. cable news networks daily, will cost as much as \$25 million a year to operate. Although the CRTC has indicated a preference for a user-pay system, most of the applicants acknowledge that advertising revenue will have to provide the major portion of their finances. And unlike the major networks, the specialty programmers will focus on a limited segment of the market. Said Garrick Gertzel, vice-president of public affairs at the Canadian Health Network: "For the first year, we will be concentrating on the professional medical audience. Our subscription rates to that group will be high, but we are relying on the vast industry of medical advertising to meet our costs."

The specialty programming experience in the United States has made would-be Canadian broadcasters more prudent. CRTC's critically acclaimed performing arts network is only one of several specialty networks that have recently dropped out of an unprofitable race. And even the most successful U.S. networks such as MTV and CNN have not yet made a profit. Still, there is little doubt that the age of specialty programming is about to begin in Canada. "The CRTC and the public have defined a need," said Joseph Garwood, vice-president of Batsan. "And Canadian broadcasters are preparing to fill it." It remains to be seen with what—and how well. —SHIRAZ MCKAY in Toronto



Bill Frazier, Patricia Conolly, Dennis Smith, Allison MacLeod in *Country Wife*, showing hope

(Diana Frazier), as almost harmonizes the play's discord. The delight an audience takes in the passionate courtship of Beatrice and Benedick (Peter Dinklage) can easily be overwhelmed by the horror of Don John's pervious plot against Hero's honor. And the problem is intensified in this production, co-directed by Langham and Helen Harris Hirsch: in too rare, Dorothy too often grapples like a crumpled old bachelor and Hirsch's shamming at the altar is so melodramatic that the audience laughs nervously for weeks afterward.

to ease access for contemporary audiences but to connect to the society as well. In *The Country Wife*, director Richard Cottrell has neither seen when the cast, taking its cues from the antics in Wycherley's Restoration comedy, talks openly to the audience before, during and after the main action. The results are fatal instead of acting as some relief valves, the sides dissipate all the barely dramatic energy the play needs to build upon its barely absurd premise. Furthermore, each scene is only reinforced by carting extras

A timely Titanic crew change

By Allan Fotheringham

Zooze, Dr. Fotheringham, am I ever glad to bump into you.

Graduate the phantom-analogical transistors, if not the specifics, of your ignorance.

Well, I can't figure out this latest cable net shuffler. Does it mean anything?

Of course it does. It means that the Trudeauists, as stupid as they are in so many ways, are read. They have read the Gallup poll. They are down to 27 per cent, just ahead of the New Democrats, with the Rinkoson Party gaining.

They are desperate. They're like that Air Canada jet as a downward slide, looking for Greek. What's that got to do with the shuffler?

When you are desperate, you rearrange the deck chairs on the Titanic. Given an appearance of re-examination. Don't change the policy, change the face.

I saw poor Jean-Luc Pepin was banned from Transport. I thought he was making some progress on the Cross.

He was. But the Liberals are in a panic over Lloyd Axworthy's visit to Winnipeg. He's the only elected minister from Western Canada and, in an attempt to salvage the riding, they have given him a prestigious Western Canada portfolio—Transport—in hopes it will save him.

Will it work?

No.

I see. Why was Senator Ray Perrault dropped?

Because Pierre Trudeau doesn't understand him. Senator Ploeghous was once seen shaking hands with a voter, and it is suggested that he may even have talked to one. This is the equivalent of having burps among the upper reaches of the Liberal cabinet. In that rustled atmosphere, there are some things that are Not Done. The igs of Mr. Trudeau and Seniors Jack Austin are no high that they can communicate with junior ministers only through the use of the semaphore code.

So, with Perrault gone, it seems British Columbia, or the third-largest province, Fotheringham is a relevant for Southern News.

vice, now has just one minister, Mr. Austin?

You get it. Why is that?

Because Senator Keith Dewar and Angus Cates, who still run the igs, have convinced him the election will be won or lost in Toronto, which, as you know, is the greatest centre of learning and culture since Babylon. So they appointed three new ministers from Toronto. Something had to go, and it was British Columbia. Best of like dumping unwanted ballast from the lifeboat.

Mr. Trudeau doesn't like British

or emulgations. In Ontario this is not allowed.

I notice that John Roberts has been put in charge of Employment and Immigration. Any significance there?

Mr. Roberts had to be moved from being Minister of Aids Race, since his designer gas boots were becoming corroded. The only time he would recognize unemployment is when the canister runs out at the cocktail parties.

Is this cabinet out of focus?

All I know is that Eugene Whelan wears his green-felt cowboy hat to bed, just in case he dreams about a farmer.

Francis Fox has spent more money on his permanent than they have on double-trucking the ON through the Rockies. The major medical expense, however, has been on Marc Lalonde's personality transplant. He now graduates when he spits a tanker a block away.

But what is the real meaning of this shuffler?

It is big bad news. It is that Pierre himself is staying.

How do you know?

Why shuffle the chairs unless preparing for the countdown to an election?

If he were going, he would leave the drugs and deadwood for someone else.

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Columbia.

Does Mr. Trudeau like anything west of Ottawa?

No.

Anything east of Ottawa?

Very little.

I see. But why did Coline Herveaux-Papier named Perrault on the Fitness and Amateur Sports post?

Because she will look better in ski pants at the Calgary Winter Olympics.

Isn't that a secret remark?

Of course it is. So I will not mention that the Liberals were smart, which they aren't, they would mount a leadership campaign consisting of Herveaux-Papier, who is tough and something, and Judy Smith, who is tough and something, and Louis Cernigoi, who is tough and something.

And why were some of the senior ministers dropped?

Because they're the ones responsible for putting the party at 27 per cent in the Gallup. To shift them would acknowledge that there have been errors

in emulgations. In Ontario this is not allowed.

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